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Why Italy can bank on Antonio Fazio
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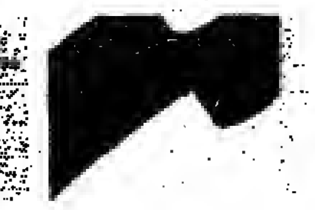

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Weekend FT
Russia in a political blizzard

FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY DECEMBER 10 1993 — D8523A

Saddam agrees to free three Britons after Heath plea

President Saddam Hussein ordered the release of three Britons jailed for entering Iraq illegally. His decision followed a meeting with former British prime minister, Sir Edward Heath, in Baghdad. Paul Ride, 33, and Michael Wainwright, 42, were jailed last year for seven and 10 years respectively. Simon Dunn, 23, was arrested in June and jailed for aight years. They are expected to be freed today. Page 4

Gloomy Japanese forecast: Japan's economy will contract by 0.4 per cent next fiscal year, according to the Nomura Research Institute, which blamed the *expected shrinkage on a continuing* fall in corporate earnings and capital spending in coming months. Page 14

Support grows for US gun registration

The imposition of a nationwide system for registering and licensing guns is gradually gaining support in the US. Attorney-general *Janet Reno (left)*, who has been asked by President Bill Clinton to study the proposal, said she strongly favoured a licensing test to show that individuals can safely and lawfully use a gun. "I think it should be at least as hard to get a licence to possess a gun as it is to drive an automobile," Ms Reno said. Page 14

Bigger VW loss: Volkswagen, the German carmaker, expects to lose DM2.3bn ($1.4bn) this year, some DM300m more than the company forecast two weeks ago. Page 15

Gales sweep Europe: Gales lashed northern Europe, killing at least 13 people in Britain alone. A fisherman was lost from a Dutch trawler in the North Sea, and an Irish rescue helicopter lifted five seamen from a Spanish trawler which foundered in the Atlantic. Picture, Page 6

Metals group acts: Metallgesellschaft, the lossmaking Frankfurt-based mining, metals and industrial conglomerate which earlier this week averted a liquidity crisis by reaching agreement with its bankers over new lines of credit, is to reduce two of its more substantial foreign shareholdings. Page 15

Hubble repair completed: Astronauts finished a *gruelling five-day repair job on the $3bn Hubble* space telescope. They plan to put it back into orbit today.

Pilkington doubles profit: Pilkington, the UK glassmaker, made the most of a glimmer of recovery in some of its markets by doubling pre-tax profits from £15.1m to £30.5m ($45.4m), in the half-year to end-September. Page 15

Lang loses seat: Former French arts minister Jack Lang was forced to give up his parliamentary seat for spending too much on his campaign in the March legislative elections. Page 2

Pechiney price hit: Shares in Pechiney International, the French packaging company, fell sharply following Wednesday's announcement that it would take a provision of up to $75m to cover the purchase of excessive amounts of metals at unfavourable prices. Page 16

NEC cash pledge: NEC, the Japanese electronics company, is to invest Y7bn ($64.5m) in Groupe Bull as part of a recapitalisation plan for France's lossmaking state-owned computer manufacturer. Page 15

Televisa venture off: The proposed joint venture between Tele-Communications, the US cable operator, and Televisa, the Mexican media group, has fallen through. Page 17

Bank loses patience: Hokkaido Takushoku Bank, the Japanese commercial bank, is close to cutting the loan lifeline to Esco Leasing, a troubled finance company which has borrowed a total of Y220bn ($2.02bn) from 33 Japanese institutions. Page 18

MFA extended: The Multi-Fibre Arrangement, which restricts most third world exports of textiles and clothing to the industrialised nations, is to be extended to the end of 1994. Page 5

Extremists escape: Nine rightwing radicals overpowered prison guards and ignored warning shots in escaping from a jail south of Berlin.

Share prices: The London recent issues table has not been updated for this edition due to technical problems.

■ STOCK MARKET INDICES

FT-SE 100:	3,271.6	(-5.8)
Yield	3.61	
FT-SE Eurotrack 100	1,418.66	(+0.44)
FT-A All-Share	1,606.2	(-0.1%)
Nikkei	17,061.91	(+553.96)
New York lunchtime		
Dow Jones Ind Ave	3,745.70	(+11.17)
S&P Composite	468.18	(-0.11)

■ US LUNCHTIME RATES

Federal Funds:	2 15/16%
3-mo Treas Bills: Yld	3.106%
Long Bond	181 3/32
Yield	6.15%

■ LONDON MONEY

3-mo Interbank	5 7/16%	(5¼%)
Liffe long gilt future:	Dec 118 21/32	(Dec 118 1/2)

■ NORTH SEA OIL (Argus)

Brent 15-day (Jan)	$13.645	(13.63)

■ Gold

New York Comex Dec	$382.6	(383.8)
London	$382.6	(383.25)

■ STERLING

New York lunchtime:		
$	1.4965	
London:		
$	1.4955	(1.495)
DM	2.55	(same)
FFr	8.7375	(8.73)
SFr	2.195	(2.1925)
Y	162.5	(162.25)
£ Index	81.7	(same)

■ DOLLAR

New York lunchtime:		
DM	1.704	
FFr	5.8405	
SFr	1.4655	
Y	108.7	
London:		
DM	1.7055	(1.705)
FFr	5.8425	(5.84)
SFr	1.467	(1.466)
Y	108.65	(108.6)
$ Index	66.7	(66.6)
Tokyo close Y 108.85		

Austria	Sch30	Greece	Dr300	Lux	LFr65	Qatar	QR12.00		
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr65	Hungary	Ft185	Morocco	MDh13	Singapore	S$4.10		
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 3.75	Slovak Rp	KSL45		
Cyprus	C£1.00	India	Rs40	Nigeria	Naira45	South Africa	R12.00		
Czech Rp	CZK45	Israel	Shk5.90	Norway	NKr16.00	Spain	Pta210		
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Sweden	SKr15		
Egypt	E£4.50	Japan	Y500	Pakistan	Rs35	Switz	SFr3.20		
Finland	FM12	Jordan	JD1.50	Philippines	Pso45	Syria	S£50.00		
France	FFr9.00	Kuwait	Fils600	Poland	Zl 32,000	Tunisia	Din1.250		
Germany	DM3.30	Lebanon	US$1.25	Portugal	Esc215	Turkey	L8000	UAE	Dh11.00

European leaders split over costs of Gatt and need to tackle unemployment

Jobs and trade threaten summit

By Lionel Barber and David Gardner in Brussels

European leaders gather today for a two-day summit likely to be disrupted by internal rows over the cost of a world trade deal now within sight.

Further tensions are expected to surface in the debate on how to tackle the continent-wide unemployment crisis, and on a white paper on jobs and growth prepared by Mr Jacques Delors, president of the European Commission.

The summit is likely to expose an ideological fault line in the EU, centring on the degree of labour market deregulation necessary to create jobs and the cost of infrastructure investment needed to make Europe more competitive.

On Gatt, the 12 member states must accommodate French insistence that its farmers will not have to take more land out of production to meet the requirements of a new world accord on subsidised food exports.

This has pitted Paris against Bonn, which is also resisting French demands that the EU puts in place tougher trade defence mechanisms equal to those of the US.

France's hard line has encouraged other member states such as Portugal, Greece and Spain to bring pressure on their partners to compensate for shortcomings in the likely Gatt accord on textiles, maritime transport and Mediterranean farm produce.

Belgium, which holds the rotating EU presidency, will push hard for a commitment to act on the white paper's conclusions. "There is quite a lot of agreement on the orientation; the debate will centre on the financing of it," a senior Belgian official said.

Mr John Major, UK prime minister, is expected to try to paint Mr Delors' blueprint as a free-spending, interventionist recipe. But other British officials at the summit played down the likelihood of confrontation and described the white paper as an intellectually respectable document.

Another source of contention is Mr Delors' proposal for the EU to spend up to Ecu20bn ($22.8bn) a year to the end of the century as a catalyst for heavy pan-European investment in roads, rail, energy, environment and advanced information networks. The projects are to be funded partly through new European Union bonds amounting to Ecu8bn a year.

Britain may get backing from Germany to oppose the new bonds, but French officials predicted that Chancellor Helmut Kohl would support the scheme on the basis of a yearly review. The budget-conscious Dutch have already signalled support for the scheme.

In London Mr Kenneth Clarke, the chancellor, attacked Mr Delors' plans, saying there was no evidence of the need for Community borrowing for infrastructure improvements across Europe.

Commission officials warned that promises of financial compensation in relation to the Gatt deal risked wrecking the seven-year budget deal struck a year ago at the Edinburgh summit after highly divisive negotiation. The UK and Germany are adamant that the budgetary ceiling agreed at the time cannot be breached.

Mr Delors, who is approaching the end of 10 years in charge of the Commission, intends to sell with some of his old vigour his prescription for a Europe which creates more jobs while becoming more competitive. He also intends to leave European leaders in no doubt that they face additional responsibilities following the entry into force last month of the Maastricht treaty.

With support from the Belgian presidency, he will tell leaders that their national economic policies are a matter of "common interest". He will also suggest that he favours a stronger role for the European monetary institute, the precursor of a future European central bank which will manage the planned single European currency.

Summit leaders must also tackle the delicate question of how the prospective enlargement of the Union to embrace Austria, Finland, Sweden and Norway will affect the balance between big and small countries' voting strengths.

Background, Page 2

Row over shipping hits trade accord

By David Dodwell and Frances Williams in Geneva

Hopes of liberalising international trade in services in the Uruguay Round talks were thrown into disarray yesterday when negotiators reacted angrily to details of the US offer on shipping.

Other key services sectors such as banking and securities have been the subject of controversy for several weeks, and the US and the European Union remain at loggerheads over access to Europe's film and television market. If shipping now drops off the negotiating table, Geneva officials acknowledged that the services deal would be in tatters.

European trade negotiators also aroused consternation yesterday by saying they would finalise tariff-cutting deals with just 15 to 20 countries before the Uruguay Round deadline next Wednesday. Mr Peter Sutherland, director general of the General Agreement on Tariffs and Trade, insisted that the EU "must find the time, and the personnel, to bring the round to a conclusion" on time.

The EU thought it had wou an important concession from Washington on ocean shipping during talks on Monday in Brussels between Mr Mickey Kantor, US trade representative, and Sir Leon Brittan, his EU counterpart. But angry EU negotiators discovered yesterday that the offer amounted to less than they had believed. One US official claimed yesterday there bad been an "unintentional misunderstanding".

The US has agreed only to include cargo reservation systems in the services package, abont 3 per cent of the ocean shipping sector. Even here, the offer is confined to a commitment not to increase existing restrictions, which reserve 75 per cent of the business for US flagged ships.

"It looks like maritime is going to be out of the round," said one gloomy EU negotiator. "The US position is killing negotiations in this sector." Liberalisation of shipping services is a key demand for EU members Den-

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Syria to return to peace talks with Israel

By Mark Nicholson in Cairo and Julien Ozanne in Jerusalem

Mr Warren Christopher, the US secretary of state, yesterday announced Syria's formal return to direct peace talks with Israel and said President Bill Clinton would meet *President Hafez al-Assad*, the Syrian leader, early next year in Geneva.

Syria has for three months refused to resume bilateral talks without a prior Israeli undertaking to withdraw fully from the Golan Heights, captured in the 1967 war. The last round of bilateral talks, the eleventh, took place in September.

At a press conference in Damascus, Mr Christopher declined to reveal what undertakings Syria had been offered, adding that any revelations might hurt progress in the negotiations.

Mr Clinton is expected to meet Mr Assad in Geneva after January 15, adding a stop to a European tour taking in Brussels, Prague, Moscow and Minsk. It will be the first meeting of US and Syrian leaders since Mr George Bush met Mr Assad in November 1990 during efforts to create the multinational coalition which ejected Iraqi forces from Kuwait.

Mr Farouk al-Sharaa, Syria's *foreign minister*, said the *summit* would "help to push the peace process forward", adding: "Such a meeting is so important – I think it would prodnce results."

The summit will mark a significant *opportunity* for Syria to press for the lifting of the economic sanctions imposed because the US and other western nations consider it to be a stete sponsor of terrorism. However, Mr Christopher said that nothing had changed in the US assessment of Syria either in this regard or in respect of its human rights record.

Mr Christopher also said Lebanese and Syrian heads of delegation had agreed to meet in Washington on January 18 to discuss a full resumption of peace talks with Israel, either at the end of the month or early in February. Mr Christopher said he was confident that sucb agreement would follow.

The fruitful climax to Mr Christopher's latest Middle East shuttle came as Mr Yassir Arafat, the PLO chairman, and Mr Shimon Peres, Israel's foreign minister, met in Spain in an attempt to inject momentum into their own stalled negotiations. They restated their hope that Israeli forces could start withdrawing from Gaza and Jericho on schedule next Monday.

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US tempts Syria, Page 4

Boris Yeltsin with Jacques Delors (right) and Belgian prime minister Jean Luc Dehane after signing an accord with the EU

Associated Press

Merger of Swedish banks set to claim biggest market share

By Christopher Brown-Humes in Stockholm

A merger of Nordhanken and Gota Bank to create Sweden's biggest bank in terms of market share appeared certain yesterday after Skandinaviska Enskilda Banken, the only other bidder for Gota, broke off negotiations.

A combination of the two state-owned banks would have 24 per cent of the country's total deposits and lending, although in asset terms it would still be smaller than Swedbank and SE Banken. The merged entity could be privatised as early as 1995.

SE Banken said its decision to withdraw its bid was based on an analysis of the information made available during the negotiations, but it declined to elaborate.

Its statement echoed that of its rival, Svenska Handelsbanken, which pulled out of the bidding earlier this week because of information received during the valuation process. Handelsbanken also said the government was seeking "far too high" a price for the bank.

SE Banken's withdrawal means Nordbanken is the only remaining bidder. The only foreign bidder, General Electric, withdrew last month.

A government statement on the future of Nordbanken and Gota is expected today when *details of the recapitalisation of* Gota Bank may also be pnblished.

The bank is likely to receive an injection of at least SKr20bn ($2.4bn) to support its problem loans. A formal separation of Gota's healthy activities from SKr43bn worth of problem loans dumped in a "bad bank" entity called Retriva is expected to take place at the year-end.

Analysts believa the state was deliberately asking a high price for Gota because it had concluded that the synergy benefits from a Nordbanken/Gota Bank merger would be considerable and would enable the state to get a better price for the combined entity than the two individual components.

Nordbanken and Gota Bank both collapsed into state control last year after suffering huge losses during Sweden's financial sector crisis.

Nordbanken, which saw the bulk of its problem loans hived off into a unit called Securum at the start of 1993, recorded a SKr2.5bn operating profit in the first nine months. Gota Bank made a SKr8.48bn operating loss over the same period, excluding the impact of state guarantees.

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NEWS: EUROPE

Brussels summit must meet national concerns without breaking the budget

EU walks tightrope on world trade deal

By David Gardner in Brussels

European Union leaders face the delicate task at their Brussels summit today and tomorrow of buying off France and other member states adamant that the Gatt world trade deal now in sight will damage vital national interests.

The 12 heads of government will need carefully crafted formulas to satisfy demands the EU will mostly have to meet internally, without breaking a European budget already at its limit.

French insistence on a guarantee that EU farmers will not have to "set aside" or take any more land out of production under a Gatt deal could prove potentially the most expensive. The most divisive issue is likely to be the Franco-Spanish demand that the EU equip itself with tougher anti-dumping and safeguard weapons against unfair trading, as well as trade retaliation instruments to match the US Section 301 legislation.

On both counts, Paris could collide with Bonn, which is firmly against new EU trade weapons and fears that the set-aside condition could lead to a further drop in EU farm prices which would hit inefficient German farmers.

Portugal feels the EU has failed to reduce significantly US protection of its textile industry, and wants aid to restructure its own, large textiles sector.

Greece, which is said to own 40 per cent of the world shipping fleet, believes the Gatt deal on maritime transport will allow the US to remain protectionist in ocean shipping. The deal "will raise the costs and inefficiency of international maritime transport", says Mr Theodoros Pangalos, Greek alternate foreign minister. Greece may also seek compensation.

On the farm question, if the EU's reform of its common agricultural policy works, European farmers should be able to evade the 21 per cent Gatt cuts in subsidised food exports. The reform's production cuts – through set-aside – mean the EU should be exporting less than the Gatt limits, and its goal of lowering prices to world market levels means the EU could export as much as it wants without subsidy anyway.

If this forecast proves wrong, France wants even lower prices rather than more set-aside, plus full compensation for the price cut. And each Ecu10 gap between EU and world prices would cost the Union Ecu2bn (£1.52bn). The Commission is confident enough of its forecasts to believe a commitment to Paris will cost nothing, but the main EU paymasters, Germany and Britain, are less sanguine. "I can live with any wording which has no cost to the UK taxpayer. If it looks like a cheque book I'm not signing," one senior British official said.

Bonn apart, attitudes are less hard on trade weapons. A Uruguay Round deal should see the Gatt succeeded by a Multilateral Trade Organisation, which would license all signatories' use of such weapons, so that new European defences would go into an internationally policed mutual deterrence system. The US is still reluctant to place its 301 arsenal under an MTO. The question is, one EU diplomat said, "does European rearmament make US disarmament less likely?".

A possible solution is to make any new EU trade weapons conditional on securing a satisfactory MTO in the Geneva negotiations – provided Bonn concedes the principle. But German officials have hinted for some time that if the French dig in, Chancellor Helmut Kohl could give in.

German call for wholesale change on pay

By Quentin Peel in Bonn

Employers and trade unions in Germany are facing a "crisis of consensus" and must now overhaul their entire system of over-regulated wage-bargaining, the country's leading employers' spokesman said yesterday.

Mr Klaus Murmann, president of the federation of German employers (BDA), called for a prolonged onslaught on the high costs of industry, including not simply wages, but the whole array of fringe benefits, holiday entitlement, and social security payments.

He warned that more than 6m people would be either officially unemployed, or working in "disguised unemployment" on job creation schemes or retraining programmes by the end of 1994. For employers to create more jobs, and revive the level of investment, they needed more flexibility from the unions, the public sector, and in their own thinking.

Mr Murmann, who was re-elected with a large majority to the post he has held since 1986, also called for a switch in the whole system of financing job creation and training in eastern Germany. He backed the opposition Social Democratic party, and the union movement, in proposing that such schemes should be financed by direct taxation, and not by increased unemployment benefits as at present.

He was speaking as latest figures published for insolvencies in German industry showed a new record level in the past year, with the numbers still rising. In the first nine months west German company insolvencies rose by 29.5 per cent compared with the same period of 1992, to a total of 9,284.

In September, the monthly figure was 1,101, an increase of 38.3 per cent on September, 1992, reflecting the effects of the sharpest recession in the German economy since the second world war.

Mr Murmann warned that the country was showing excessive pessimism about the state of the economy. At the same time, the willingness of the private sector to invest was undermined by the soaring public sector debt: he predicted that even today the federal government's revenue expectations would prove excessively optimistic, given the economic recession and the sharp rise in unemployment.

Mr Murmann's comments, coming just as the wage round is getting under way, seem likely to anger the leading trade unions, who fear employer pressure to break the long-standing social consensus.

Viag, the energy-based conglomerate, and Bayernwerk, Germany's third largest utilities group, yesterday formed a telecoms subsidiary, writes Ariane Genillard. The company, called Telekommunikation Gesellschaft für Betrieb und Dienstleistungen, will manage the telecoms network linking Bayernwerk and Viag to their domestic and international subsidiaries. It will offer voice telephony, data transmission and value-added services to the two companies' subsidiaries.

Euro-networks plan comes under scrutiny

By Andrew Hill and Lionel Barber in Brussels

Until "trans-European networks" appeared in the European Commission's white paper on growth, competitiveness and employment published this week, the European Union's new infrastructure policy had tended to go unnoticed by politicians and citizens.

The networks are the building blocks of a united Europe. They are huge infrastructure projects in roads, rail, energy, and telecommunications the purpose of which is to move people, goods and information more easily around the single European market and forge closer links with eastern Europe.

The white paper calls for "joint, massive and sustained effort on the part of the authorities at all levels and of private operators" to establish this new infrastructure across the EU.

But it is the white paper's estimate that Ecu400bn (£304.8bn) of direct public and private investment could be "mobilised" for such networks by 1999 which has guaranteed that Union leaders, flanked by budget-conscious finance ministers, will take a close look at what this spending could involve when they discuss the issue at their summit today.

Last Sunday the Commission provoked an uproar by presenting European finance ministers with plans for EU spending of around Ecu124bn on the projects over the next six years, including a scheme for the Commission to borrow on the international capital markets.

Mr Kenneth Clarke, UK Chancellor of the Exchequer, complained that the plans had been slipped into Mr Jacques Delors' white paper without proper scrutiny by finance ministers.

In effect tying the hands of Mr John Major, the British prime minister, before today's EU summit in Brussels, Mr Clarke declared: "The governments of Europe will not conceivably expect to agree new arrangements for borrowing between Ecu20bn a year without so much as a sheet of paper on the table."

Mr Clarke chose to ignore that most of the money for trans-European networks has already been earmarked in the seven-year "Delors II" budget agreed a year ago, while the principle of subsidised lending for big infrastructure projects is incorporated in the Maastricht treaty itself.

The real source of controversy lies in the Commission's plan to use its Triple-A credit rating to raise money at cheap rates for lending on to governments to fund trans-European networks.

Supporters argue that Brussels has in the past raised money to help governments such as Italy and Greece with balance of payments difficulties; but other Commission officials admit that raising money for public works programmes risks duplication with the European Investment Bank, the principal funding agency for infrastructure projects.

On the other hand, the Commission claims that about Ecu20bn will be needed to fund trans-European networks. According to official calculations, Ecu5.3bn is already earmarked in the budget, with the EIB expected to lend a further Ecu6.7bn a year. This leaves a financing gap of Ecu8bn to be plugged with the so-called "Brussels bonds".

Mr Delors insists that trans-European networks are not a job creation scheme, but more a medium-term project for strengthening European competitiveness. He argues that raising Ecu8bn a year will send only a ripple across the international bond markets and not affect interest rates.

"If a German minister is against, then I may remind you that to fund German unification they did not need 8bn a year, but 40bn to 50bn."

Even if financing is agreed, the ideal of trans-European networks has already run up against several problems.

First, there is a problem with co-ordination. Trans-European networks – unlike the Commission's visionary single market project – are not the responsibility of a single European commissioner. Ministerial votes on individual projects are split between at least four different councils – transport, telecoms, energy and internal market – with research ministers controlling the separate R&D budget.

Those councils have already started to chip away at the wider vision of unified networks serving a European "information society". On Monday, for example, research ministers decided to cut the proportion of the 1994-1998 research and development budget which will be spent on information and communications technologies from 36 per cent to 28 per cent.

On Tuesday, to the irritation of Mr Martin Bangemann, Industry commissioner, telecoms ministers rejected a proposal for an electronic network linking national administrations on the grounds that the Commission had not done enough homework on the real need for such a network.

Some of the projects also depend on the success of controversial liberalisation of protected utilities. Proposals to link up electricity and gas networks across borders, for example, look fine on paper but such links will be relatively unused unless the Commission's controversial plans to liberalise the EU energy market are also agreed.

The willingness of the private sector to fund large infrastructure projects also varies. In the telecoms sector, for example, large companies are eager to help set up networks, but constructions groups require more effective guarantees before attempting large road or bridge projects.

The risk, as the Commission is aware, is that the combination of a row about public money, a reluctance to liberalise, and a lack of private-sector finance might undermine the employment benefits of the project and leave Europe with an unhappy patchwork of half-finished networks.

Spain has head start on Delors jobs plan

By Tom Burns in Madrid

Prime minister Felipe González, who is grappling with the worst unemployment record in the European Union, has only an academic interest in discussing Mr Jacques Delors' white paper on competitiveness, growth and job creation at today's Brussels summit. The Spanish leader has already begun to implement many measures advocated in the Delors document.

As Spain enters its second year of recession, Mr González has unveiled a legislative package that aims to curb union bargaining power, reduce the costs of hiring and firing, make it easier to relocate employees and make job classifications more flexible. The government also plans to peg wage increases to below the inflation rate over the next three years.

Parliament will debate a draft law to deregulate labour laws when it reassembles after Christmas.

A law which came into effect earlier this week also introduces an apprenticeship scheme for under-25-year-olds who will be paid less than the minimum wage over a three-year period, and removes legal impediments to part-time work.

The Brussels discussion will nevertheless help Mr González as he tries to sell his package in Spain. "The white paper is a useful umbrella to withstand the storm," said a European diplomat yesterday. The legislation's main critics, the unions, accuse the government of creating "junk jobs" and are planning a 24-hour general strike next month.

But the government is determined to push its reforms through. It believes the general malaise afflicting the EU economy is sharper in Spain where labour market rigidities are deeply ingrained and labour costs are considered to have risen more quickly than elsewhere.

The two ills are blamed for waning multinational interest. Direct foreign investment last year was nearly two thirds down on 1991, half that of the previous two years and at its lowest since 1987. Investment from OECD countries fell again in the first half of this year.

The experience of Madrid corporate law firm J & A Garrigues exemplifies Spain's declining competitiveness. In the past six months five multinationals seeking industrial bases for big investments have passed through the firm and, according to senior partner Mr Antonio Garrigues, one settled for the Czech Republic, another for Scotland, two went to Portugal and a fifth is undecided but has ruled Spain out. "Three years ago at least two of the five would have chosen a Spanish location," Mr Garrigues said.

In the meantime unemployment stood was 3.5m at the end of September, representing 23 per cent of the working population. This figure from the national statistics office masks considerable employment in the informal, or submerged, economy but is nevertheless the highest in the EU.

Accord in sight with Oslo on oil and gas

By Andrew Hill in Brussels

European Union energy ministers appear close to solving a long-running dispute with Norway, which had threatened to derail EU membership negotiations.

The ministers will today seek a compromise on plans to liberalise the licensing of oil and gas exploration. "Given the amount of progress we have made in the past six or seven weeks, I would be very surprised if it were not possible to do a deal," said one EU official yesterday.

Political agreement today would help clear a potential obstacle to Norway joining the EU. Sovereignty over its natural resources ranks with fisheries and agricultural policy as an issue which could derail entry talks.

Norway was not directly involved in talks on the hydrocarbons licensing directive, but it found an EU ally in Denmark. Both countries' systems for granting special privileges to their state-owned energy companies were threatened by the directive. Denmark had hinted it would veto the measure if dissatisfied.

It is understood that Norway is now prepared to open new contracts to greater EU competition. Norwegian officials said yesterday they would reserve judgment until they saw the final decision of EU member states. They will also insist that a protocol is added to the treaty admitting Norway to the EU, to stress the importance of its sovereignty over natural resources.

Denmark, meanwhile, has agreed to allow open competition into its oil and gas-fields when the existing system comes up for renewal early next century.

British and French ministers will today try to ensure that government regulation of the sector is clearly separated from the commercial role of state-owned companies, to prevent covert discrimination.

Mr Tim Eggar, the UK energy minister, said the directive would also resolve a long-running dispute and make clear that EU member states have full sovereignty over their continental shelfs.

Separately, ministers will have their first discussion of the European Commission's revised proposals on opening EU electricity and gas markets to competition.

Associated Press

Pope John Paul shakes hands with Rome's newly-elected mayor, Mr Francesco Rutelli, a member of the Greens party, at the Spanish Steps yesterday, the feast of the Immaculate Conception

Northern League loses clean image after arrest

By Robert Graham in Rome

The populist Northern League has been deeply embarrassed by the disclosure that Mr Alessandro Patelli, the movement's former treasurer, failed to declare L200m (£80,700) received from the Ferruzzi-Montedison group for the 1992 general elections.

The rise in the League's popularity in northern Italy has been based in good measure on its image of honesty and rejection of corruption.

Mr Patelli, who managed the 1992 general election campaign finances for the League, was arrested and imprisoned on Tuesday on charges of illicit party funding. He was released on Wednesday after he reportedly confessed to receiving L200m from Ferruzzi-Montedison. His alleged confession was given widespread coverage in yesterday's media.

Mr Umberto Bossi, the League's leader, who has consistently claimed his party's finances were above suspicion, has been quick to defend Mr Patelli, a close aide, and declare his faith in the Milan magistrates conducting the investigation. He has also denied suggestions he might have discussed contributions to the League during a meeting with Mr Carlo Sama, the head of Montedison.

Mr Francesco Speroni, head of the League group in the senate, said: "We must see if Patelli took these monies for the League or for some company which he ran – if it is the second thesis, then it is no longer a question of illicit financing of the party.

"If on the other hand, the money ended up with the League, then this was irregular and Patelli would be at fault."

The affair comes at a delicate moment for the League, with the movement divided over whether it should seek political alliances to fight the next general election.

Mr Silvio Berlusconi, the media magnate, has been making overtures to form a new centre-right political alliance including the League.

Nuclear power row renewed

By Quentin Peel

The future of Germany's most modern, and hitherto most useless, nuclear power plant is back in the firing line, in a new confrontation over nuclear energy.

The power station at Mülheim-Kärlich, owned by RWE, Germany's largest electricity utility, has stood idle since it was virtually completed in 1988, because of a refusal by the local authorities to grant operating licences.

RWE is threatening to sue the state government of the Rhineland-Palatinate – headed by Mr Rudolf Scharping, leader of the opposition Social Democratic party in Bonn – for some DM500m (£198m) in lost revenues and accumulated financing costs for the plant. It was ready to come on stream a year after the Chernobyl nuclear disaster, which saw a complete standstill on all new nuclear projects in Germany.

Now Mr Klaus Töpfer, federal environment minister in Bonn, is threatening to take the Rhineland-Palatinate government to the constitutional court.

He has ordered Ms Claudia Martini, his counterpart in Mainz, the state capital, to rescind her decision refusing to give a long-term operating licence to the plant, on the grounds that she is exceeding her statutory authority.

Ms Martini is refusing to back down, insisting that it is the federal government, not the state, which is at fault.

The new grounds for her refusal to license the power station concern the failure of RWE, and the federal government, to ensure a clear means of disposing of the nuclear waste which will be generated by its operation.

At present, nuclear waste in Germany is supposed to be reprocessed under contracts with France, and with Britain's BNFL, for eventual re-use in Germany as mixed-oxide (MOX) fuel elements. However, there remains no long-term solution for the disposal of the residual nuclear waste, and manufacture of the MOX elements has also been blocked by the SPD-Green government in neighbouring Hesse.

Lang quits as MP over poll expenses

By Alice Rawsthorn in Paris

Mr Jack Lang, the flamboyant former French arts minister who was one of the most prominent figures in the previous socialist government, was yesterday forced to relinquish his parliamentary seat for spending too much on his campaign in the March legislative elections.

The French constitutional council ordered Mr Lang, 54, a friend of President François Mitterrand to resign immediately his seat at Loir-et-Cher after finding he had exceeded by FFr90,000 (£10,285) the FFr500,000 maximum French MPs are allowed for campaign expenses. A by-election will be held within three months.

Mr Lang, deputy prime minister and education minister in the previous socialist administration, vowed to return to politics as soon as possible. The constitutional council has banned him from standing for parliament for a year.

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Mediators forced to drop plan for all-party Bosnia talks

By Laura Silber in Belgrade and Lionel Barber in Brussels

International mediators Lord Owen and Thorvald Stoltenberg yesterday abandoned plans to resume all-party talks on Bosnia's partition after secret meetings with Serb leaders in Belgrade failed to achieve a breakthrough.

Mr John Mills, spokesman for the peace talks, said the mediators "hoped to be in a position" to reconvene talks among the three warring communities in the week beginning December 20.

However, Commission officials said President Slobodan Milosevic was using the European Union plan, which Lord Owen is promoting as the basis for a settlement, to press for a division of Sarajevo. The plan links a progressive lifting of sanctions against Serbia with some territorial gains for the Moslems.

Mr Hans Van den Broek, EU external political affairs commissioner, yesterday warned that Serb territorial claims on Sarajevo risked creating "a second Berlin or Beirut" in Europe. The EU must not be party to the division of Sarajevo in the Geneva peace talks, he said. It was a matter of principle, since Sarajevo remained an example of a multi-ethnic city in Bosnia.

The peace negotiators faced a difficult dilemma in their effort to reach a settlement, and the EU could not object to an agreement signed by all the parties. But he noted that the Bosnian Moslems were negotiating "with a gun to their head".

His remarks came after a series of bilateral talks which failed to break the deadlock over proposed frontiers of the republic's partition into three ethnic ministates. "The Serbs apparently did not give enough for the Moslems to be happy enough for them to meet," said a diplomat.

Earlier, diplomats had said that if the talks with Mr Milosevic and his Bosnian Serb proxies went well, the three parties would meet this weekend in Thessaloniki, Greece.

However, at yesterday's talks, which Serbian sources said were held at Dobanovci, a military base 30km west of Belgrade, the mediators apparently failed to wring concessions from Serb leaders for their Moslem adversaries.

While the mediators press Serb leaders to hand over more land, General Ratko Mladic, Bosnian Serb commander, has ruled out giving up any territory, including the 20 per cent pledged three months ago.

But Mr Radovan Karadzic, Bosnian Serb leader, was reported by a Belgrade newspaper yesterday as saying: "There are real possibilities that the war in former Bosnia-Hercegovina will end in January or February next year, and the lifting of sanctions against Yugoslavia will follow."

NEWS: EUROPE AND THE AMERICAS

Fascist party enters Russian nightmares

By Chrystia Freeland in Moscow

ELECTIONS IN RUSSIA

If Mr Vladimir Zhirinovsky, the leader of Russia's extreme right-wing Liberal Democratic party, does as well as two separate surveys conducted this week indicate, the charismatic politician could command the second largest bloc in the Russian parliament.

And if Mr Zhirinovsky forms an alliance with the Communists and the Agrarians, who share his tough nationalist stance, hardliners could end up controlling more than a quarter of the seats in parliament.

Even in this nightmare scenario, the extreme right would be less powerful than the combined forces of the hitherto divided democrats. Mr Yegor Gaidar's Russia's Choice group is still leading the polls and Mr Grigory Yavlinsky's "Yabloko" grouping, which advocates a different strategy for market reforms, is coming in third. If the constitution is accepted on Sunday, it would also give Mr Yeltsin the final say in forming the government.

However, even in opposition, the hardline parties could exert a powerful, and unsavoury, influence on the overall direction of Russian politics. Apart from his promises to make life economically comfortable for all, Mr Zhirinovsky's other trump card in the election campaign has been his pledge to renew Russia as a great state.

"Russian soldiers will once again stand guard along the 1975 borders of the Soviet Union, and, once we put them there, they will not move back a single step," a tired but triumphant Mr Zhirinovsky declared yesterday. "The world should think twice before opposing us – after all, is it really desirable to have a third world war?"

Statements like these are standard fare for Mr Zhirinovsky. Bombastic and outrageous though they may sound to western ears, for a significant number of Russian voters, who have impotently watched both their country and their pay cheques shrink over the past two years, Mr Zhirinovsky's message appears to offer an attractive third way, - rejecting both the Communists and the economic reform programmes of Russia's tried and tested democratic politicians.

Mr Zhirinovsky says that he will not form a coalition with any other group. Indeed, his campaign strategy is to remind voters that he represents a "clean, untainted alternative" to both the communist past and the democratic present. However, in foreign policy at least, he has a natural ally in Mr Gennady Zyuganov's Communists, whose favourite "ism" is nationalism.

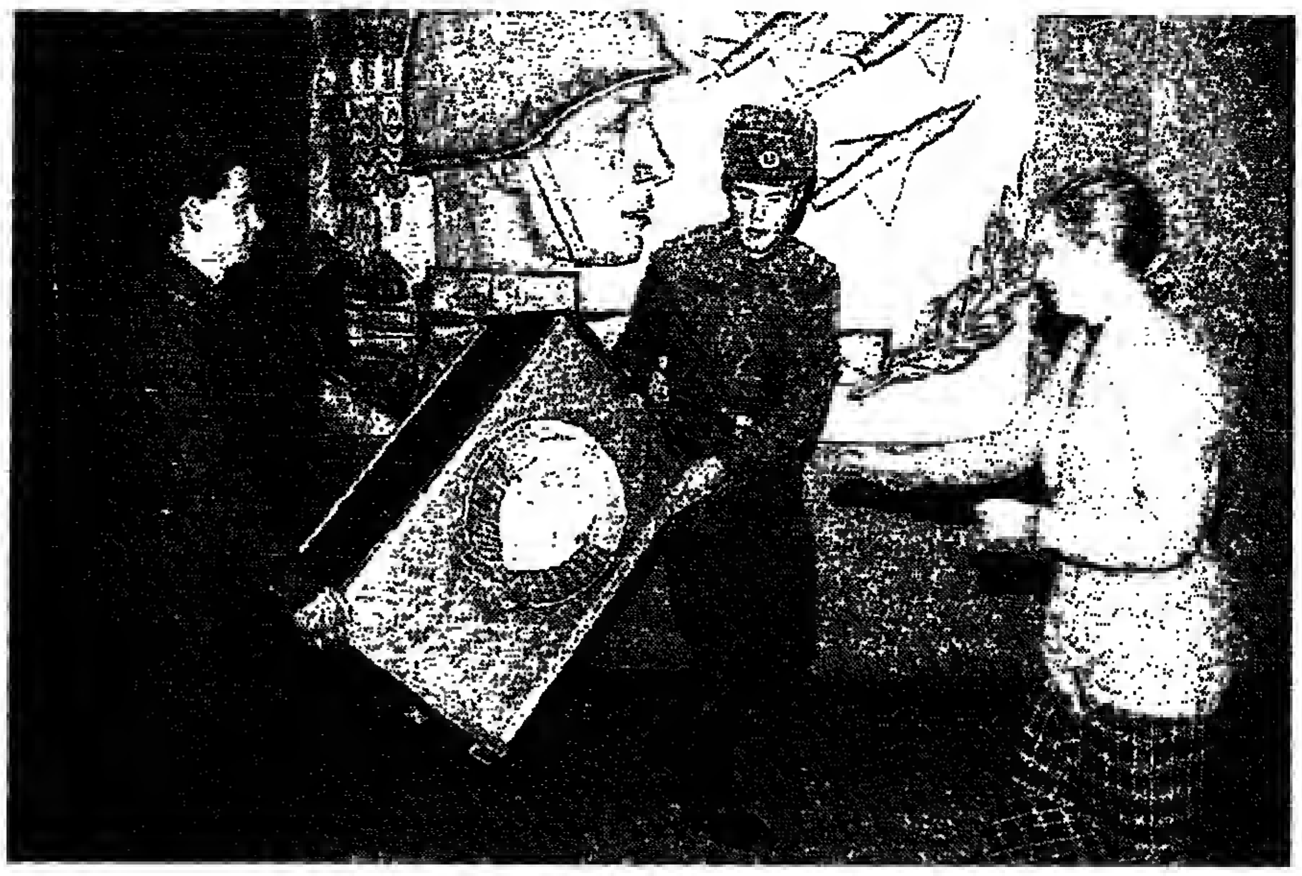
Mssrs Zhirinovsky and Zyuganov enjoy another political advantage: both are leaders of parties in which loyalty is the paramount virtue and thus are likely to command more disciplined blocs in parliament than the more independently-minded democratic groups.

Their combination of discipline and demagoguery could give these hardline parties the power to push Russia's entire political spectrum to the right and force Russian democrats to adopt a harder line in their relations with the rest of the world.

LATEST OPINION POLL

	% of decided voters*	% of all respondents
Russia's Choice	22.3	14.8
Liberal Democrats	14.0	9.3
Yabloko	13.6	9.0
Democratic party	7.8	5.2
Communists	7.7	5.1
Party of Unity and Accord	5.6	3.7
Women of Russia	5.6	3.7
Democratic Reform	5.4	3.6

Based on interviews with 1,200 people in cities conducted by the All-Russian Centre for Public Opinion Research.
*Excludes respondents who say they are undecided or intend not to vote.



Russian soldiers carry a ballot box, still bearing the Soviet symbol, into a polling station yesterday at an army base outside Moscow Reuter

EU fêtes democracy incarnate

By Lionel Barber in Brussels

European leaders yesterday fêted President Boris Yeltsin as the incarnation of a new Russia moving toward democracy and market reform.

At a ceremony at the European Commission, Mr Jean Luc Dehaene, Belgian prime minister, and Mr Jacques Delors, president of the European Commission, joined Mr Yeltsin in signing a political declaration promising greater economic and political co-operation which both sides described as historic.

Mr Yeltsin said the declaration marked a further milestone ending the Cold War. "Another Berlin Wall has fallen," he said.

But the declaration fell short of Mr Yeltsin's hopes of signing a comprehensive trade pact because of outstanding EU objections to Russian legislation restricting the operation of western banks, and internal disputes over the treatment of Russian nuclear-processed fuels.

Commission officials predicted that final agreement would likely be reached in the next few days. The visiting Russian delegation had promised to scrap the restrictions on private banks within 12 months, one senior official said.

Mr Yeltsin's visit, on the eve of Russia's parliamentary elections on Sunday, is believed to be the first by a Russian leader to Belgium since Peter the Great.

Nato gets Yeltsin's guarded blessing

By David White in Brussels

President Boris Yeltsin yesterday welcomed the idea of military co-operation with Nato – but not the prospect of eventual Nato enlargement to include some of Russia's former allies such as Poland, Hungary and the Czech republic.

This position, reflecting hardline opposition among the Russian military to any eastwards expansion of Nato, emerged during talks with Mr Manfred Wörner, Nato secretary-general, at the neutral location of the Stuyvenbergh château in Brussels.

A Nato summit next month is due to open the way towards the admission of new members from central Europe while proposing a more immediate "partnership for peace", which would apply to a wider group of countries including Russia and other former Soviet republics.

Mr Wörner said after the meeting that there was "a chance" of Russia participating in the scheme, and he had agreed with Mr Yeltsin to increase military contacts between Russia and Nato. The US plans to hold a first, small-scale joint exercise with Russia next year.

Mr Wörner said he had reassured Mr Yeltsin that any moves towards Nato enlargement would not be directed against Russia and would take into account the security interests of all concerned.

Nato defence ministers meeting in Brussels discussed US proposals to broaden the alliance's scope to deal with new threats from countries which developed nuclear, chemical and biological weapons and missile delivery systems.

Mr Les Aspin, US defence secretary, said current international efforts on non-proliferation "may not be enough".

He suggested that Nato might co-operate in research and development on means of counter-proliferation, intelligence and anti-missile defences.

Mr Wörner, who said European countries could not afford to develop such defences on their own, warned allies against further sharp reductions in their military budgets.

"If further major cuts are made, our ability to meet the challenges of the future will be seriously compromised," he said.

Mr Wörner's remarks followed additional cuts in UK defence expenditure announced 10 days ago.

Tatars resist Moscow's brand of democracy

Tatarstan adopted its own constitution a year ago and rejects Russia's attempts at centralised control, writes **John Lloyd**

ELECTIONS IN RUSSIA

The Republic of Tatarstan is at the centre of the debate within Russia on the form of its new constitution. The constitution, which will be voted on by referendum on Sunday, at the same time as the parliamentary elections, is of as much import as the parliament itself, and designed to last much longer.

Tatarstan – the historic home of the Tatars, who in the Middle Ages controlled much of European Russia – adopted its own constitution a little over a year ago. This proclaims the republic as "sovereign", deigning to say, once, that it is "associated" with Russia. Professor Vadim Tumanov, a senior member of the Institute of State and Law and one of the experts who helped to draw up the present draft Russian constitution, says that Tatarstan's constitution breaches "international norms for a federal state in two important ways. First, by giving Tatars citizenship of Russia but refusing reciprocal citizenship to Russians, he said, and second, by accepting only those Russian laws which are approved by its own parliament.

A long period of sporadic negotiations followed the adoption of this essentially separatist document, but left the main constitutional problems untouched. Then came the banning of the Russian parliament in September, and the suppression of its revolt on October 3 and 4.

"Yeltsin could have turned to the regions and republics for support and agreement. Instead, he chose to issue a centralist constitution for a unitary state. The people about him call themselves democrats but their attitude to the regions reveals their true nature," says Mr Vassily Likhachev, the vice-president of Tatarstan, who was in Moscow recently. Tatarstan's president, Mr Mintimer Shamiyev, himself went to Moscow on November 3 to try to gain some constitutional compromises, but was rebuffed.

However, the Tatar authorities are cautious men, schooled in the politics of the Communist party – in which nearly all of them were leading figures – which emphasises above all the necessity to recognise power when they see it. Theirs is the route of sullen, not overt, opposition – certainly not that taken by the other extreme dissenter from Russian statehood, Chechnya, where President Dzhokar Dudayev has banned both elections and the referendum on his territory. Instead, Mr Shamiyev has said he will not vote: Mr Likhachev will be on holiday; and the mayor of Kazan, Mr Kamil Iskhakov – tipped to be the next Tatar prime minister – "doubts" he will vote.

Thus the election preparations take place in something of a vacuum. The authorities are keen to point out the apathy and lack of interest.

Among those standing in single-member constituencies or on party lists for the State Duma, or lower house, are those who have carried on the rather isolated business of opposing Tatarstan's drive to "sovereignty" over the past three years.

They work in a rather threatening atmosphere. Mr Dmitri Fomin, a candidate in the industrial centre of Naberezhnye Chelny, shows a leaflet.

It is put out by the "Special Headquarters against the Russian Referendum", which threatens "the fate of traitors and provocateurs" to all those – candidates, election officers and voters – who take part in the referendum.

The newspaper of the "Sovereignty" bloc of nationalist parties says that to take part in the elections "is a betrayal of the state interests of our fatherland".

President Shamiyev and his fellow leaders are convinced that the feeling of pride in and support for Tatarstan's sovereignty has increased, not lessened – though the republic's 4m population numbers only a few more Tatars than Russians, and inter-marriage is very common. Mr Iskhakov, the Kazan mayor, says that people rejoice in their citizenship because of the chaos and wild prices they see in Russia.

The leaders bridle when it is suggested that they are going slow on economic reform: Mr Shamiyev insists that "the steady way to reform has proven itself here, as shock therapy has been shown to fail in Russia". Privatisation is going ahead (though not yet of shops and small businesses): the republic's most precious property, the Tatneft oil corporation which produces some 22m tonnes of oil a year, is now being privatised – though a controlling golden share, will stay with the government.

"We say to all serious investors – come and talk to us, we will do a deal," says Mr Marat Almukhametev, a department head at the State Property Committee offices "But they must be serious. What's the point of selling off to speculators and crooks, like they are doing in Russia. Why repeat their mistakes?" The impression is of a leadership which may indeed avoid some of the more egregious mistakes of reform, but which is attempting to hold back the tide.

The turnout for the elections and the referendum probably will be low: it was little over 20 per cent for the referendum in April, when the country voted on trust in the Russian president. This will allow the republic's leadership to point to a large majority of abstentions from the Russian political process, which they will use to bolster their own power.

Romanians sign a new agreement with IMF

By Virginia Marsh in Bucharest

Romania yesterday signed a letter of intent for a new stand-by arrangement with the International Monetary Fund, signalling an end to months of uncertainty over the government's commitment to reform.

The IMF board is expected to approve loans worth $700m under its stand-by and systemic transformation facilities early next year if the Romanian parliament accepts the reform programme agreed yesterday with the Fund.

IMF officials said the principal aim of the programme was to curb inflation sharply and restore domestic confidence in the leu, the Romanian currency.

Inflation hit 314 per cent in the year to October, its highest level since the 1989 revolution. Economists have warned that, unless action is taken quickly, the country could slip into hyper-inflation.

Mr Maxwell Watson, the IMF's chief negotiator with Romania, said the programme's main structural objectives were enterprise restructuring, financial sector reforms and measures to protect competition. He said the IMF was still working with the left-wing minority government on improvements to the social security system and on fiscal measures to fund emergency heating and other supplements to help the most needy through the winter.

The agreement with the IMF comes at a critical time for the government. It is under increasing attack from pro-reform opposition parties seeking a no-confidence vote, and from trade unions which in recent weeks have organised the biggest street demonstrations since 1990.

Danes see rapid rate of growth

By Hilary Barnes in Copenhagen

Denmark will enjoy the fastest-growing economy in the European Union in both 1994 and 1995, according to forecasts published by the economy ministry yesterday.

The ministry predicts a gross domestic product growth rate of 3.0 per cent in 1994, rising to 3.3 per cent in 1995.

The stimulus will come mainly from private consumption, expected to rise in real terms by 4.1 per cent next year and 4.5 per cent in 1995.

This will generate a recovery in business investment and housing as well, the ministry predicts.

Exports, which fell by about 5 per cent this year following devaluations by Sweden and the UK, will also revive, increasing by about 2.7 per cent next year and by 4.8 per cent in 1995.

EIB finance for Polish railways

By Anthony Robinson

The European Investment Bank (EIB) has agreed an Ecu200m ($228m) loan to finance modernisation of Poland's 630km section of the Berlin-Warsaw railway line, the main east-west rail-link.

The EIB, the long-term finance institution of the European Union, is also providing an Ecu50m loan to the Polish Development Bank for the financing of smaller industrial projects in Poland.

The loan to the Polish state railways, PKP, will partially finance an Ecu487m modernisation plan to upgrade and relay track, improve stations and install new fibre optic signals, telecommunication and power systems. The European Bank for Reconstruction and Development is also expected to help fund the project which will upgrade the main passenger and freight link between the European Union and the Polish capital when completed by 1997. The latest loans bring total EIB lending to Poland upto Ecu553m.

Poland is seeking further funds for its planned development of a 2,000km north-south and east-west motorway network. This will form a key link in the projected north-south motorway link from the Baltic states to the Mediterranean and a similar east-west link from Berlin to the Belarus and Ukrainian frontiers.

Poland's reliance on finance from the international financial institutions like the EIB and the World Bank is greater than other central European states which still have access to commercial credits.

But Poland's debt negotiators resumed talks with commercial bank creditors this week to seek an end to the impasse over the country's demand for a 50 per cent reduction in its $13bn commercial debt. An agreement would open the way for both commercial bank and equity finance.

Wholesale prices stay steady in US

By Michael Prowse in Washington

US wholesale prices were flat last month, indicating that inflationary pressures remain subdued, the Labour Department said yesterday.

The figures left Wall Street analysts uncertain about the outlook for short-term interest rates, currently 3 per cent.

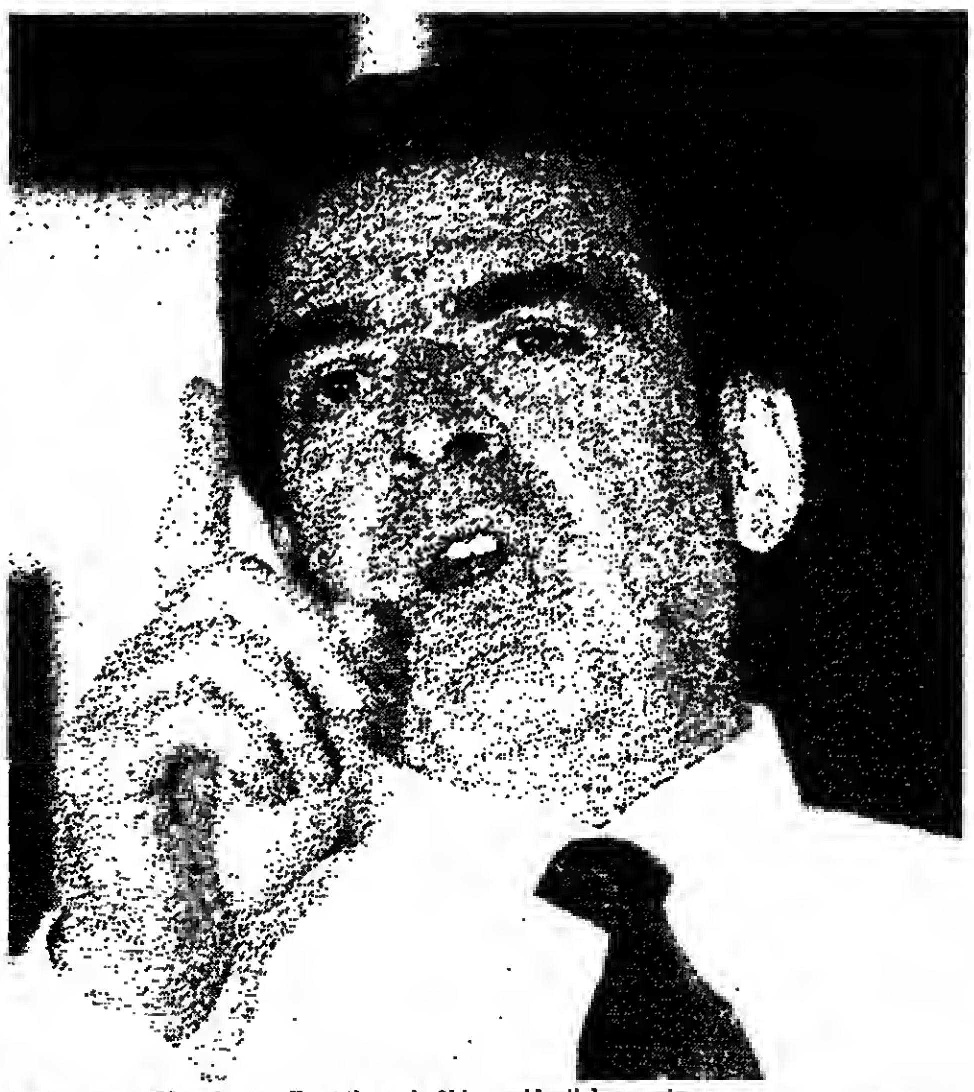
Following ambiguous remarks by senior monetary officials, some analysts predict the Federal Reserve will respond to evidence of faster growth by nudging rates higher early next year. Others believe inflation is so subdued the Fed will delay action for many months.

"The inflation outlook remains benign," said Mr David Resler, chief economist at Nomura Securities in New York. There was a 50 per cent chance the Fed would tighten policy next month – the decision would depend on the strength of economic data in coming weeks.

The producer price index for finished goods was unchanged last month after a decline of 0.2 per cent in October. The lack of upward price pressure partly reflected the recent decline in world oil prices which led to a 2.7 per cent decline in US energy costs.

The "core" producer price index, which excludes the volatile components of food and energy, rose 0.4 per cent last month, more than expected in financial markets. However, this reflected a 2.1 per cent increase in car prices last month, which is not expected to recur in coming months.

It was the first rise in the core index since July and followed a 0.5 per cent decline in October.



Eduardo Frei addressing a rally at the end of his presidential campaign Associated Press

CHILE LIKELY TO MAKE FREI PRESIDENT

Candidates yesterday wrapped up their campaigns for presidential and congressional elections to complete Chile's transition to democracy begun when General Augusto Pinochet stepped down as president in 1990, Reuter reports from Santiago.

From midnight Wednesday, Chilean law forbids candidates to hold rallies, stick up posters or advertise so voters have time for reflection.

But polls left little doubt as to the outcome of tomorrow's election.

Mr Eduardo Frei, the ruling coalition candidate, was favoured to win the presidency with three to four times the vote of his right-wing rival, Mr Arturo Alessandri, in Chile's first truly democratic elections in 23 years.

Analysts also expected a majority in Congress for the centre-left coalition forged by President Patricio Aylwin to defeat Gen Pinochet in a 1988 plebiscite and which Aylwin again led in 1989 elections to restore civilian rule.

But they say complicated voting rules make it almost impossible for the coalition to win the two-thirds of the congressional seats it needs to rid Chile of the last traces of authoritarian rule imposed by Gen Pinochet in a 1980 constitution.

But eight right-wing senators appointed under Pinochet to serve until 1997 make it almost impossible for the coalition to win the required majority in the Senate.

Argentine rivals near to deal

By John Barham in Buenos Aires

Celebrations marking the 10th anniversary of Argentina's return to democratic rule today are being overshadowed by the conclusion of negotiations between the ruling Peronist party and the opposition Radicals to change the country's 140-year-old constitution.

Ten years ago today, Mr Raul Alfonsin was sworn in as Argentina's 32nd president this century, ending seven years of military rule. This is the longest period of democratic rule Argentina has seen since the early 1930s. It has suffered six military coups since 1930 and endured 13 military presidents.

President Carlos Menem, whose six-year mandate ends in 1995, wants to stand for re-election. This requires lifting a constitutional ban on consecutive presidential terms. To do so, he needs the support of Mr Alfonsin's Radical party.

Mr Menem and Mr Alfonsin are now reported to have overcome a dispute about the powers of a prime ministerial figure being introduced with the new constitution.

Mr Menem had demanded the prime minister should not encroach on the president's authority. The two sides are close to agreement on a reduction of the prime minister's powers and new rules for presidential elections.

The government wants to send the amendments next week to Congress, which must approve changes to the constitution with a two-thirds majority. Mr Menem is in a hurry because Argentina virtually closes down between December and March for the southern hemisphere summer.

HK impasse deepens as talks slow

By Alexander Nicoll in London and Tony Walker in Beijing

The Sino-British impasse over Hong Kong deepened yesterday as the two sides failed to make significant progress in London talks and China stepped up its own preparations for assuming sovereignty over the territory in 1997.

British and Chinese officials blamed each other for slow progress in the Joint Liaison Group, the body charged with arranging practical issues of the handover, which ended three days of talks in London without setting a date for the next meeting.

Mr Hugh Davies, the senior UK official, said the meeting had been "disappointing" and that the current pace of the JLG was "woefully inadequate" if it was to complete its crowded agenda before 1997.

Mr Guo Fengmin, leader of the Chinese side on the JLG, made it clear separately that the slowness was a result of Britain and China's failure to advance talks on political issues, responsibility for which he laid squarely on Britain.

Britain, Mr Guo said, had undermined previous agreements on Hong Kong and "the discussions of the JLG are bound to be affected".

Mr Davies said the Chinese view that the political situation affected the JLG "was felt throughout the agenda. It is difficult to avoid the conclusion that a link is being made between politics and economics," he said.

Limited progress had been made on issues such as civil aviation, merchant shipping, investment and the civil service, but items "ripe for agreement", such as a proposed new container terminal, were being delayed by the Chinese.

In Beijing Mr Qian Qichen, China's foreign minister, urged a special advisory committee on Hong Kong to step up preparations for 1997. "We must put greater efforts into our work, and the responsibility borne by each member is even heavier," said Mr Qian, the panel's chairman.

Sino-British talks on Hong Kong's political development are deadlocked and Mr Chris Patten, Hong Kong's governor, plans next week to proceed with parts of his reform proposals without Beijing's agreement. China says it will abandon negotiations should Mr Patten do so.

UK officials and Hong Kong business representatives fear the China-sponsored "Preparatory Work Committee" of 57 leading Chinese and Hong Kong officials will undermine Mr Patten's authority.

Mr Wu Jianmin, China's foreign ministry spokesman, left the door open for further talks provided Mr Patten deferred his reforms. "To resume them, the UK side should change course and correct its errors which have led to the breakdown of the talks."

Mr Patten showed irritation yesterday at persistent Chinese claims of insincerity. "I think what the word 'sincerity' means to some Chinese officials is: 'Everybody else in the world must agree with us, otherwise they're not being sincere'," Mr Patten said.

● Lonise Lucas adds from Hong Kong: Mrs Anson Chan, Hong Kong's new chief secretary who ranks second to Mr Patten, yesterday hit out at accusations by Sir Percy Cradock, a former UK foreign policy adviser, that Mr Patten would do "great damage to the territory" by extending democracy. Mrs Chan said: "The days of back-door deals over the heads of Hong Kong people are over. For the agreement to be acceptable and credible in Hong Kong, it must enable fair, open elections."

PLO chairman Yassir Arafat takes his coat off while standing alongside Israel's foreign minister Shimon Peres (right), at a ceremony when they both received the keys of the city of Granada, Spain. They later spent 75 minutes in talks behind closed doors Associated Press

US tempts Syria in peace bid

By Julian Ozanne in Jerusalem

A summit between US President Bill Clinton and Syria's President Hafez al-Assad next month, followed by resumption of Syrian-Lebanese peace talks with Israel in Washington, marks an important fresh effort to keep a comprehensive Middle East peace agreement in sight.

The moves, announced yesterday by Mr Warren Christopher, US secretary of state, show that Washington is prepared to use its muscle and the promise of improved US-Syrian relations to push forward a comprehensive peace agreement.

The breakthrough points up the importance Damascus attaches to better ties with the US, and the linkage it makes between improved Syrian-US relations and advances in the peace process as Syria seeks to end its international isolation and reform its economy.

So far, there seems no clear compromise between Israel and Syria on the fundamental obstacles to an agreement.

Syria continues to insist Israel must declare its intention to withdraw fully from the Golan Heights, captured in the 1967 six-day war. Israel wants Syria to state clearly its commitment to full peace, including trade and diplomatic ties before it will clarify the extent of its withdrawal.

Jerusalem has said it will withdraw "on" but not "from" the Golan, suggesting only a partial return of Syrian land.

Despite the apparent impasse, Israeli officials believe the latest US initiative provides grounds for cautious optimism because it holds out a tempting prize for Damascus.

The US placed Syria on the terrorism blacklist when it was introduced in 1979, prohibiting US companies from exporting goods which could enhance Syria's military or terrorism potential. The move also obliged the US to vote against any development loans offered to Syria by multilateral organisations.

Syria was briefly taken off the list by President Ronald Reagan in 1985 but sanctions were re-imposed after an attempted bombing of an El Al aircraft in 1986 was blamed on Syria, and the US withdrew its ambassador to Damascus.

Syrian experts say Mr Assad is anxious to have Syria taken off the blacklist to boost his international standing and aid the economic reform he is overseeing. Liberalisation of the economy contributed to a 7 per cent growth rate last year but future growth will depend on much greater investment.

Earlier, Mr Christopher announced Syria had made two important humanitarian gestures to Israel, in an effort to restore confidence between the two sides. Syria agreed to help a US delegation which is searching for seven Israeli servicemen missing in Lebanon and to grant exit permits to up to 1,200 Syrian Jews to travel freely before the end of this year.

Both moves were enthusiastically welcomed in Israel. But the Syrian reasons behind the measures appear to have more to do with its desire to improve relations with Washington than to make concessions to Israel.

As part of the package Mr Christopher said the US would allow Kuwait to donate three ageing US-built Boeing 727 aircraft to Syria. But Washington stressed the US was not relaxing sanctions against Syria.

Mr Farouk al-Shara, Syrian foreign minister, said a number of other undisclosed steps would be taken before talks with Israel resumed. Mr Christopher yesterday declined to give details of what other guarantees he had given Mr Assad to entice Syria back to talks.

Israeli officials have hinted the US has an outline package of concessions from Damascus and Jerusalem linked, on the Syrian side, to improved relations with Washington and aimed at thrashing out an agreement in principle by next April or May.

NEWS IN BRIEF

Heath secures release of Britons held in Iraq

Sir Edward Heath, the former British prime minister, has secured the release today of three British prisoners held in Iraq, after a rare meeting yesterday with President Saddam Hussein in Baghdad, writes James Whittington in Amman.

Mr Michael Wainwright, 42, and Mr Paul Ride, 33, were jailed last year for 10 and seven years respectively on charges of entering Iraq illegally. Mr Simon Dunn, 23, was arrested in June and sentenced for eight years for the same offence. They are due to fly with Sir Edward by helicopter today to the Jordanian capital, Amman, where they will be reunited with their families before travelling on to the UK.

Iraq has until now linked the prisoners' release with Britain's unfreezing of Iraqi assets in the UK. But British diplomats in Amman emphasised that "no deal had been done".

One described the move as a gesture by Saddam in the hope that United Nations sanctions would soon be lifted.

In the past two months six other foreigners, including the three Britons, have been released from Iraqi jails. A Frenchman and a German remain imprisoned in Baghdad.

Bédie opponent resigns

Ivory Coast's new president Henri Konan Bédie strengthened his hold on power yesterday with the resignation of his rival, Mr Alassane Ouattara, as prime minister, Reuter reports from Abidjan.

Mr Bédie succeeded President Félix Houphouët-Boigny, who died on Monday. Mr Bédie named an eight-member personal cabinet led by Mr Yao Kouassi as secretary-general of the presidency. He previously served as deputy secretary-general of Mr Ouattara's government.

Labour speaker for NZ

New Zealand's opposition Labour party has aided the National government's slim parliamentary majority by allowing one of its members to be nominated as speaker, writes Terry Hall in Wellington.

Mr Peter Tapsell, an orthopaedic surgeon, will be the first Maori and first representative of an opposition party to be speaker. The appointment will make it easier for National to govern. With 50 MPs in Parliament, against the 49 from the three opposition parties, National would have faced deadlock on much legislation with a speaker chosen from its own ranks.

Taiwan cuts GNP target

Taiwan's cabinet yesterday cut its gross national product growth target in 1994 to 6.2 per cent from the original 7 per cent, citing a weak global economy and cuts in state spending, Reuter reports from Taipei.

GNP is rising 6 per cent in 1993, the Council for Economic Planning and Development said.

● Taiwan yesterday lifted a four-decade-old ban on new radio stations as part of democratic reforms, Reuter reports.

It approved 13 applications, including one from the main opposition Democratic Progressive party.

The cabinet's Government Information Office would offer 28 more FM radio frequencies this month and eight AM radio frequencies next March, said Mr Hank Lo, its director of radio and television affairs.

Singapore case can proceed

By Kieran Cooke in Kuala Lumpur

The judge in the Singapore trial of five people accused of breaking the island republic's Official Secrets Act by prematurely disclosing an official economic growth estimate has rejected defence calls for acquittal and has ruled that the prosecution case can proceed.

Three economists and two journalists are charged with leaking an official 1992 second-quarter economic growth estimate of 4.6 per cent.

Last week the judge ruled that the prosecution had failed to make a case against Mr Tharman Shanmugaratnam, director of the economics department at the Monetary Authority of Singapore (MAS), Singapore's de facto central bank, on the charge of communicating secrets.

But the judge then suggested to the prosecution, which is led by Singapore's attorney-general, that Mr Shanmugaratnam face a new charge of putting classified information at risk.

The prosecution has alleged that the growth figure was leaked to two economists working for a regional securities firm during a meeting they had with Mr Shanmugaratnam at the MAS. The economists then passed the figure on to a journalist with the local Business Times, whose editor published it.

The case has been adjourned until February. All five defendants have pleaded not guilty.

N Korea plans to initiate reforms

By John Burton in Seoul

North Korea faces serious economic problems, it admitted yesterday, and indicated it plans to adopt reforms.

The unprecedented communiqué was issued as the country's parliament began a two-day session to announce important changes in the country's political leadership and economic administration.

Pyongyang said its third seven-year (1987-93) plan had failed to achieve its industrial production goals, especially in electric power, steel and chemical fibre.

"The pace of growth and economic scale envisaged under the third seven-year plan must be adjusted downward," a report to the ruling Korean Workers' Party said.

But it claimed industrial output during the period increased 1.5 times, growing annually at an average 5.6 per cent. The plan had established an industrial production goal of 10 per cent annual growth.

The South Korean central bank estimates the North's economic growth was stagnant during the late 1980s before shrinking at an annual 5 per cent during the past three years, primarily due to energy shortages.

Pyongyang blamed the poor economic performance on the collapse of the Soviet Union and east European communist countries, which deprived it of economic assistance, such as oil supplies, and trade. In what is regarded as a key shift in economic policy, the government will concentrate on developing agriculture, light industry and foreign trade at the expense of heavy industry.

"The economy must be restructured in a way that...develops foreign economic relations so that the economy can adapt to the changing international environment," the report stated. But the governing principle of juche, or self-reliance, must still be maintained.

"This policy could be in response to Chinese pressure forcing North Korea to adopt reforms or face the prospect of having China end its economic support of the North," one western diplomat said. China, the North's main outside source of food and fuel, has been urging Pyongyang to adopt market reforms similar to its own.

SA police ordered into KwaZulu

South Africa's two-day-old Transitional Executive Council (TEC) tested the limits of new black political power yesterday, with far-reaching orders to the police and the KwaZulu black homeland, Reuter reports from Cape Town.

The multi-party TEC, the country's first statutory body to give executive powers to blacks, adopted proposals initiated by Mr Nelson Mandela's African National Congress and the South African Communist Party.

One resolution instructed police to move into northern Natal, including parts of Zulu Chief Mangosuthu Buthelezi's largely autonomous KwaZulu homeland, to deal with the unrest there. "The KwaZulu police have been standing by, doing nothing when people are being killed and injured," Mr Cyril Ramaphosa, ANC delegate, said. "Units of the South African police should be deployed in the area. Some of these areas fall under KwaZulu."

South Africa's white-led police have traditionally respected the nominal autonomy of Chief Buthelezi's local police. Chief Buthelezi has refused to join the TEC, vowing to defy its authority.

The TEC also appointed a delegation to talk to police about the activities of its controversial internal stability unit, the police branch which replaced the riot squad.

● The UN yesterday agreed to unrestricted resumption of shipments of oil and petroleum products to South Africa, ending a 16-year embargo widely observed but not mandatory, writes Michael Littlejohns in New York.

Japan faces up to getting old

Emiko Terazono on planned changes to the pension system

Mrs Setsuyo Uchida, a 71-year-old widow living on the outskirts of Tokyo, has been drawing a state pension for more than 15 years. "I really wouldn't know what to do without it," she says.

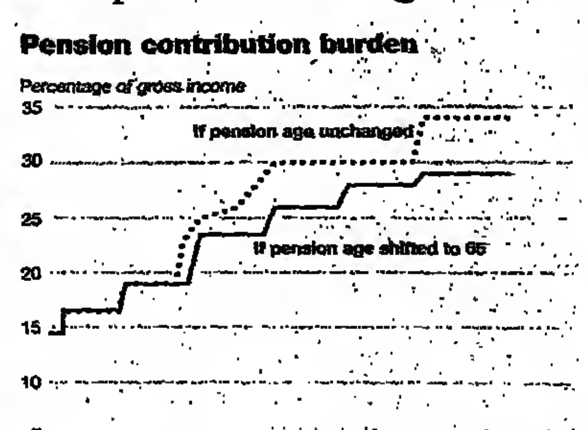
Mrs Uchida is one of 27m Japanese pensioners on the state system, which provides citizens over the age of 60 with pensions worth 70 per cent of average employees' salaries.

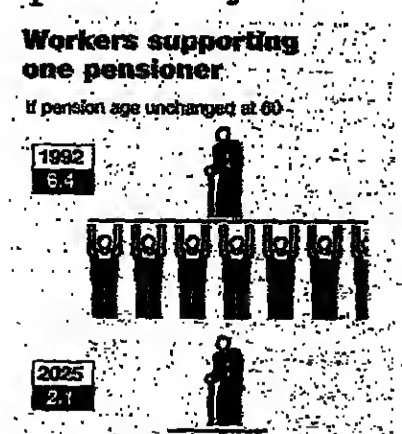
It is a tidy and generous system, but it is in for a change. Japan's is a rapidly ageing society, expected to have the highest percentage of people over 65 among industrialised nations by the turn of the century. Now the ministry of health and welfare wants to raise the pension eligibility age to 65 to decrease the contribution burden on workers supporting the system.

At the moment, by paying 14 per cent of their gross salaries, 6.5 workers support one pensioner. By 2020 some 2.2 workers will be supporting one pensioner with more than 30 per cent of gross salary. If however the retirement age is changed to 65 some 2.6 workers will pay 26 per cent of their salaries to support one pensioner.

The proposal has been met by fierce opposition from the influential trade union confederation Rengo. Mr Yoshio Tsuchida, director of Rengo's welfare policy planning department, points out that Japanese companies have just grown accustomed to the retirement age being raised to 60.

Although the goal of 60 as a standard retirement age is still not accepted by all companies, progress has been made over the past decade as the government has promoted a later retirement age through subsidies to companies that retain or re-hire older workers.





However, Japan's seniority-based employment system puts a large cost burden on companies retaining older employees, and although the government claims by re-hiring elderly workers companies can counter the expected labour shortage, job offers for workers over 55 remain at low levels.

"What are people supposed to do between the ages of 60 and 64 if the pension eligibility rate is raised to 65?" asks Mr Tsuchida.

The government, which reviews its state system and resets its premium rates every four years, needs to reach a decision by April next year, as it cannot afford to postpone the matter until the next review in 1999 when Japan's baby-boomers reach 50.

Although the pension council, an advisory group to the government made up of union leaders, bureaucrats, and representatives from the business community, failed to agree on a single reform blueprint, a recent report from the council suggests that a compromise deal is in sight.

On one hand, the ministry is easing its rigid stance on the shift in eligibility age by proposing a reduced benefit system for pensioners between the ages 60 and 64 instead of no benefits until 65. The ministry admits it is aware that some sort of compensation needs to be made for that age group since at the moment two-thirds of pensioners start receiving their pensions between the ages of 60 and 64.

Meanwhile Rengo has agreed that workers' twice-yearly bonus payments should not be exempt from pension contributions. It has also accepted a change in the way pension increases are calculated. At the moment these are based on increases in average gross salaries.

However, by basing the increases in pension payments on the average growth of net income – gross income minus taxes and social security contributions – pensioners will also "share" the burden of increases of workers' welfare contributions and the government can avoid the possibility of workers taking home less net cash than pensioners.

Professor Noriyuki Takayama of Hitotsubashi University's Institute of Economic Research in Tokyo says basing pension growth on net salaries will ease the burden on the workers who support the system by 10 per cent and is more effective than altering the pension age. He says that the government has become enthusiastic over the plan after Germany implemented a similar scheme as a part of its pension system reform in 1992.

Over the next few months, Rengo and the government will need to work out what the levels of partial pension payments for pensioners aged 60 to 64 will be. Prof Takayama says the government should set up a special fund which companies would also be required to pay into. He suggests that an incentive system should be set up where the payments into the special fund would decline as the company takes on more elderly workers.

This is the eighth article on welfare states around the world. Previous articles appeared on October 25, November 3, 8, 17, 19, 24, 30

Line-by-line bargaining has meant accord will at first involve just 15-20 countries, writes **David Dodwell**

US insistence on detail points to two-stage Gatt deal

Mention "the formula approach" to almost any trade negotiator, and there will be a wince: it contrasts with the "request and offer approach". In the arcane world of Uruguay Round aficionados, the victory of the latter over the former has been, if not the source of all evil, at least the bane of many of their lives during the past three years.

European Union negotiators in the General Agreement on Tariffs and Trade still today blame the refusal by the US to accept a formula approach as the reason so many thousands of hours have been spent arguing line-by-line tariff cuts with each separate trading partner as they have worked towards completion of a market access agreement in Geneva.

Under the formula approach, supported by most trading nations but blocked by the US in January 1990, once negotiators had agreed a formula for cutting tariffs, then calculation of the product-by-product cuts would have been a quick and simple affair. As has been seen in the protracted US-EU market access negotiations, the request and offer approach to dealing with cuts product by product, country by country, has added many person-years to the process of concluding the round.

It explains why the EU said yesterday it had abandoned hope of reaching line-by-line tariff cutting deals by the December 15 deadline with all 116 countries negotiating the round. Instead, it hopes to finalise deals with 15-20 countries which account for about 90 per cent of global trade.

They insist the delay will not jeopardise the round. Other countries will agree in principle to finalise line-by-line schedules as soon as practicable in the new year. But it has added to the frenetic pressures mounting on negotiators in the few days remaining before December 15.

As details of the US-EU deal begin to surface, it is possible to understand why the US - adamant about the need to preserve peak tariffs (higher than 15 per cent) in sensitive sectors and to tailor each deal to the idiosyncratic details of trade with each trading partner - would not swallow the sweeping formula approach.

Take the non-ferrous metals sector. Under the US-EU deal, tariffs on most copper, tin and nickel goods fall to zero. Tariffs on zinc and most other non-ferrous metals will fall below 5 per cent. Tariffs on aluminium goods will range from 5.5 per cent to 7.5 per cent. All will be conditional on other key importers making similar commitments. Japan's agreement is key.

Many of the tariff cuts revealed sweepingly by Mr Mickey Kantor, US trade representative, and Sir Leon Brittan, his EU counterpart, are in fact conditional, and pitted with exceptions. The true global value of tariff cuts will only be calculable when the offers of all 116 participants are in the bank. So far, the following details of the US-EU deal are clear:

● Elimination of tariffs: in addition to the eight product sectors conditionally agreed in Tokyo at the Group of Seven summit in July - listing pharmaceuticals, construction equipment, medical equipment, steel, beer, furniture, farm equipment and spirits - the US and the EU have agreed zero tariffs for wood and paper products and toys. The phase-out for these last three will be over 10 years, rather than the six years targetted elsewhere. Tariffs on some fish products have been cut to zero. Tuna is excluded.

However, the deal on wood products depends on Indonesia and Malaysia dropping their current bans on the export of raw logs. As a result, tropical hardwoods may be left out until agreement is reached with these leading timber exporters.

● Low-level harmonisation: tariffs on chemical products are to be harmonised at around 3 per cent following agreement outside Gatt by the world's leading chemical companies.

● Significant tariff cuts: tariffs on scientific equipment are to be cut by an average of 50 per cent. Tariffs on industrial electronics will also be cut by 50 per cent or more. The trade-weighted average of tariffs on semi-conductors will fall to 8 per cent from 14 per cent, while tariffs on semi-conductor manufacturing equipment will be cut to zero. Computer peripherals will have tariffs eliminated, while tariffs on computer parts will be cut from around 4 per cent to 2 per cent.

Consumer electronics - of critical importance to Japan, and south-east Asian exporters - were not addressed. They will be looked at in bilateral negotiations with these countries.

● The attack on tariff peaks: cuts in the textiles and clothing sector will need line-by-line examination. The US-EU deal cuts US tariffs on sensitive items such as wool suits to around 17 per cent, with other wool items down to about 25 per cent. In deference to Europe's cotton textile manufacturers, mainly in Greece and Portugal, modest cuts have been agreed which ignore dogmatic concentration on tariff peaks but instead focus on items of significant export interest to these countries.

The high tariffs protecting US glass and ceramics manufacturers will not be lopped across the board, but will reach 25-50 per cent "on a few items".

● Farm trade: while the modifications to the US-EU Blair House text have become clear, details of improved access to the EU food market are more elusive. Mr Mike Espy, US agriculture secretary, says the EU tariff cuts and new quota entitlements cover wheat and other cereals, meat, dairy products and speciality crops such as nuts, processed foods, fruits and vegetables. The US pig meat quota in the EU will rise by 39,000 tonnes.

It is clear that other farm produce exporters will benefit from restraint on subsidised US and EU food exports, but what they might gain in terms of bigger EU import quotas, or improved market access opportunities, remains obscure.

● Services: the scope and balance of offers to open markets to financial services remains unclear. A financial services deal remains contested. A conciliatory US move to open its ocean shipping sector appears to have been withdrawn. The US and the EU remain at loggerheads on access to Europe's film and television markets. There is still a danger a services deal could crumble.

'E Europe in trouble if Uruguay Round fails'

By Frances Williams in Geneva

Economic reform in central and eastern Europe would be seriously undermined by a failure of the Uruguay Round of trade talks and the consequent erosion of international fair trade rules, the United Nations Economic Commission for Europe says in a report published today.

The commission sees the main benefits for eastern Europe of a Uruguay Round deal in strengthened rules against protectionist measures by the West, although the regions has much to gain from liberalisation of the agricultural and textile sectors in particular.

"These countries need secure market access and a stable and comprehensive international framework of rules to sustain their reform programmes," the report says. It warns that they will be among the principal victims of arbitrary and discriminatory trade protection if the Uruguay Round fails.

Non-tariff barriers, such as "voluntary" export restraints and anti-dumping suits, have increasingly been aimed at the reforming economies, the ECE notes. Recent restrictions imposed on certain "sensitive" products have lessened the benefits of trade accords signed by several eastern European countries with the European Union.

The proposed Uruguay Round accord would outlaw voluntary export restraints and other "grey area" measures to restrict trade outside fair trade rules, and toughen conditions for resort to safeguards (emergency import protection) and anti-dumping actions.

Protectionist measures by western Europe appear "especially petty and ungenerous" given the fact that western exporters have gained most from the liberalisation of east-west trade, the report says.

Between 1989 and 1992 east European exports to OECD countries rose in value by 43 per cent, but eastern imports from the OECD soared by 67 per cent and the OECD trade balance with the east swung from a small deficit into a sizeable surplus.

Though east European exports to the west fell by some 14 per cent in the first half of 1993, imports from the west, mainly from western Europe, continued to rise by 11 per cent.

The commission cites estimates of a global welfare gain of $212bn (£142bn) a year from a Uruguay Round deal, equivalent to 1.1 per cent of world GDP. Of this, freer farm trade accounts for 34 per cent, liberalisation of textiles and clothing trade 40 per cent and increased market access for services 14 per cent.

Former centrally planned economies (which include China as well as eastern Europe and the former Soviet Union) are among the biggest beneficiaries of freer trade in textiles and, more surprisingly, in services, mainly reflecting an opening of their protected (and underdeveloped) domestic markets.

In the short term, the commission takes a sombre view of economic prospects for eastern and central Europe.

Only a few countries - Poland, Hungary, the Czech Republic and Slovenia - hope for growth in 1994 and these forecasts are heavily dependent on higher exports which may not materialise.

On average, GDP in eastern Europe fell 28 per cent between 1989 and the first half of 1993, while output (excluding services) plunged by over 40 per cent in the Commonwealth of Independent States and even more in the Baltic nations.

The commission calls on western governments to increase aid flows, offer free and secure access to western markets for eastern goods and services, and develop a more consistent and coherent approach to the region's problems. Economic failure in eastern Europe would threaten political stability throughout the continent, the report warns.

Economic Bulletin for Europe, November 1993. Available from January 1994 from the Publication Service, Palais des Nations, CH-1211 Geneva 10, Office C115-1; telephone 41 22 917 2672.

President apologises for rice decision

By John Burton in Seoul

President Kim Young-sam yesterday apologised to the South Korean people for breaking a presidential campaign promise to protect rice farmers from imports and announced that the country had to open the market to avoid economic isolation.

"Are we to live as an orphan by rejecting the Gatt system, or lead our country toward globalisation and internationalisation by accepting the Gatt framework?" he asked.

The government would draw up measures to compensate farmers for losses they would suffer as a result of the opening of the agricultural market, he said.

South Korea is now negotiating in Geneva on terms governing the gradual opening of the market for rice and 14 other agricultural products as part of the Uruguay Round of trade talks.

The rice issue has developed into a political crisis for the government, with farmers and students holding sometimes violent demonstrations in Seoul and other parts of the country this week to protest against the market-opening decision.

One opinion poll yesterday reported that 60 per cent of Koreans were opposed to the opening of the rice market, while political analysts fault the president for having done little to prepare the public for the change in government policy.

Criticism of the government's handling of the problem is likely to lead to a reshuffle of economic ministers and presidential advisers in the next few weeks.

● Japan's ruling coalition decided to delay until tomorrow or even later a decision on whether to remove a blanket ban on rice imports, the Kyodo news agency reported yesterday, Reuter adds from Tokyo.

The postponement came after a meeting of the leaders of parties in the fragile coalition, Kyodo said.

Earlier this week, Mr Morihiro Hosokawa, the prime minister, had said he wanted to announce the formal decision by today to accept a Gatt compromise proposal to allow minimum imports of rice for six years in exchange for the scrapping of a Gatt demand to replace the blanket ban with tariffs.

Kim Young-sam: South Korea must avoid economic isolation — Associated Press

● NEWS IN BRIEF

Malaysia in $700m purchase of jets

Malaysia yesterday signed letters of acceptance with McDonnell Douglas to buy eight F/A-18 fighter jets in a deal Malaysia says is worth about M$1.8bn ($700m), writes *Kieran Cooke in Kuala Lumpur.*

The signing, during an international air show on the Malaysian Island of Langkawi, is the last stage in protracted negotiations Malaysia has held with the US manufacturer.

Malaysia is involved in a multi-million-dollar programme to modernise its armed forces. Malaysia is also buying 18 Mig-29s from Russia for which payment will be made both in cash and in palm oil as part of a countertrade arrangement.

Among other deals announced at the air show was the sale by British Aerospace of its vertical-launch Sea Wolf surface-to-air missile system to the Malaysian navy. The missiles will be fitted to two frigates being built for the Malaysian navy at Yarrow Shipbuilding in Britain.

Australian telecoms deal

Telecom Australia, the country's largest purchaser of electronic equipment, said yesterday it had placed orders worth up to A$2.5bn ($1.63bn) with three European companies as part of a five-year programme to digitalise its network, Nikki Tait writes from Sydney.

The beneficiaries are Alcatel of France, Germany's Siemens and Ericsson of Sweden. The French group will provide equipment worth up to A$1.1bn, including local exchanges, access electronics, and a transit switching network.

The Ericsson contract is worth around A$850m, and will also be made up of digital switching equipment. Siemens will supply some A$500m in transmission equipment. Telecom added that it is still negotiating with NorTel, the Canadian-owned manufacturer, for the supply of corporate customer switching services.

Lens factory for Limerick

Vistakon, a subsidiary of Johnson & Johnson, the US healthcare corporation, is to spend I£130m over the next three years in creating a European manufacturing base at Limerick, in the west of Ireland, for its range of disposable contact lenses, Tim Coone reports from Dublin.

Mr Ruari Quinn, Ireland's minister for enterprise and employment, said this week the new plant was "among the top investments ever in the healthcare industry in this country".

ABB moves into Ukraine

Asea Brown Boveri, the Swiss-Swedish engineering group, is establishing its first significant joint venture in Ukraine, it said this week, Andrew Baxter writes.

ABB is taking 51 per cent of a new company, ABB Ukrelektroapparat, which will produce distribution transformers in Khmelnitzkij, south-east of Kiev. The remaining 49 per cent will be held by the Ukrainian company Ukrelektroapparat and the Ukrainian State Property Agency.

The new company will supply industrial companies and electricity utilities in Ukraine.

MFA extended for further year

By Frances Williams

The Multi-Fibre Arrangement, which restricts most Third World exports of textiles and clothing to the industrialised nations, is to be extended for a further year to the end of 1994.

The extension, agreed by the MFA's 44 members yesterday, was made necessary by the repeated delay in concluding the Uruguay Round of global trade talks. If the round is successfully completed by the deadline of next Wednesday, the MFA will be phased out over a 10-year period from 1995.

Mr Peter Sutherland, Gatt director-general, said the latest extension, the sixth since 1974, was "the final lease of life for the MFA". Members of the MFA, which legitimises a web of bilateral quota deals between rich and poor nations, accounted for $138bn or 80 per cent of world textile and clothing exports in 1990.

Representatives of Europe's textile and clothing industry were also in Geneva yesterday to raise concerns over the terms under which the MFA will be dismantled.

The proposed Uruguay Round deal was "far from offering the necessary guarantees of fair and balanced competition", the Brussels-based European Textile and Clothing Coalition said in a statement, arguing that the EU was one of the most open markets in the world.

The coalition said the US offer to lower very high tariffs on clothing was inadequate and criticised the refusal of some developing country exporters such as India and Thailand to open their domestic markets to imports.

The European industry said it would continue to press for a Uruguay Round package incorporating lower tariff and non-tariff barriers worldwide, and tougher action against unfair trading practices in developing countries including counterfeiting, dumping and subsidies.

Canadian fears of impact on Quebec

By Bernard Simon in Toronto

Canada is scrambling to blunt the political impact of the Uruguay Round trade talks on the separatist debate in Quebec.

Officials confirmed yesterday that Ottawa was pressing its trading partners for a clause in the proposed multilateral trade agreement which would allow Canadian provinces to continue providing regional development subsidies.

In addition, Mr Jean Chrétien, the prime minister, dispatched his foreign minister and chief Quebec lieutenant Mr André Ouellet to Quebec yesterday to placate the province's dairy farmers, who have strenuously objected to the proposed replacement of import quotas by tariffs on dairy and other farm products.

The separatist Bloc Québécois, which won 54 seats in the House of Commons in October's election, has seized on the development grants and dairy quota issues as evidence that Québécois have more to lose than gain by remaining part of Canada.

The separatist forces are hoping to make further gains in a Quebec provincial election likely next year. They have promised to hold an independence referendum within a year if they win.

Under the Uruguay Round proposals, Quebec would be able to provide subsidies if it was an independent state, but not as a province of Canada.

The Canadians have recently acknowledged that they have little hope in the Uruguay Round of retaining the quotas which protect dairy, poultry and egg farmers.

The government is now reassuring farmers that tariffs which will replace the quotas will be high enough, at least initially, to blunt competition from imports. Farm groups however, are concerned that the tariffs will decline over time, and that the quotas will be worthless.

Institution aims to forge new links with ex-Comecon states

Black Sea bank for Thessalonika

By John Murray Brown in Istanbul

The Greek city of Thessalonika was yesterday chosen as the site of the newly established Black Sea Trade and Development Bank at a meeting of foreign ministers of the Black Sea Economic Co-operation group in Sofia, the Bulgarian capital.

The choice of Thessalonika, beating bids from Istanbul, Sofia, Bucharest and Costanza underscores the relative maturity of Greek financial instititutions and also its membership of the European Union.

The agreement gives a symbolic boost to a pact set up in 1992, largely at Ankara's prompting, to reforge economic links in the wake of the communist collapse, between the region's market economies and the former Comecon countries.

The group comprises Turkey, Greece, Russia, Ukraine, Bulgaria, Romania, Moldova, Georgia, Azerbaijan and Armenia, and represents a market of 325m consumers from the Balkans to the Caucasus.

The bank will be capitalised at SDR1bn (£930m), with a paid up capital of SDR100m. The three bigget economies - Turkey, Greece and the Russian Federation - will each contribute 16.5 per cent, with smaller amounts from the others. The bank is also expected to seek funds from multilateral agencies such as the European Bank for Reconstruction and Development.

Turkey will provide the bank chairman, while the vice chairman will be a Bulgarian.

According to a draft of the resolution agreed yesterday, the bank will "promote regional projects and assist in intra-regional trade especially in capital goods".

A Greek official said Thessalonika, with 240 local banks and 10 foreign banks, was well placed to secure access to international finance. The Black Sea is currently considering various telecommunications projects, free ports, and a road corridor linking the littoral states.

NEWS: UK

London moves to reassure Ulster unionists

By David Owen

A new strategy by the UK government to reassure Ulster unionists over the Major-Reynolds peace initiative for Northern Ireland emerged last night, amid signs that unionist unease in the province has spilled over into Tory ranks.

On the eve of the second meeting within a week between the British and Irish premiers, a scenario was revealed in which the government may decide to give the go-ahead for a Northern Ireland select committee within the next month.

It also emerged yesterday that a senior Northern Ireland Tory has delivered a strongly-worded warning that Mr Major may "destroy himself, the party and the union" by pursuing the peace initiative.

In a letter sent to 1,000 prominent Conservatives including the prime minister, Mr Leonard Fee, chairman of the party's Northern Ireland area council, said Mr Major could "destroy us all" by allowing himself to be enticed by "media-hype, Irish blarney" and "honeyed words."

Under current plans, clearance for the committee could be given as a gesture of reassurance to unionists if London succeeds in agreeing a joint declaration with Dublin aimed at persuading the IRA to give up its campaign of violence.

It is thought that a government undertaking to set up a body long sought by unionists would make them less likely to reject any text that emerges from the Major-Reynolds process.

Word of the strategy comes with London and Dublin voicing mounting confidence that a joint declaration can be agreed before Christmas.

Sir Patrick Mayhew, the Northern Ireland secretary, yesterday gave cabinet ministers their first briefing on last Friday's meeting in Dublin between Mr Major and Mr Reynolds, and subsequent official contacts.

Downing Street said yesterday that the two sides "seem to be getting along well."

There was further reassurance for unionists last night when Mr Andrew Hunter, the strongly pro-unionist MP for Basingstoke, beat off a challenge from Mr Peter Temple-Morris, the MP for Leominster, for the chairmanship of the Tory backbench Northern Ireland committee.

In his letter to fellow Tories, Mr Fee said: "If the government agrees to any form of devolved legislative government for Northern Ireland, it will be ensuring the break-up of the United Kingdom."

In Dublin, a spokesman for the Irish government said it was prepared to make a written commitment to downgrade its territorial claim to Northern Ireland to an "aspiration" as part of an overall settlement package.

But the commitment came as Mr Reynolds indicated in a television interview that Dublin is hoping for a united Ireland "within a generation."

Lloyd's introduces new rules

By Richard Lapper

Lloyd's of London yesterday introduced new voting rules, significantly increasing the power of new corporate members in the insurance market.

More than 16 new corporate Names – investment trusts and companies and insurance companies – are injecting some £850m into the market and will provide backing of about £1.5bn in 1994, just under a fifth of the total.

The rules, which follow the recommendations of an interim report by a working party on voting rights, allocate votes proportionate to allocated capacity (the amount of premiums syndicates are permitted to underwrite).

Individual members or Names, whose assets have traditionally supported the insurance market, will have voting rights proportionate to their allocated capacity but this has been divided between them on a "one-member-one-vote" basis.

Individuals are expected to supply up to £8bn in capacity in 1994.

It is ultimately envisaged that voting at general meetings will be weighted directly proportionate to capacity.

Separately, Lloyd's also announced new mandatory qualifications for active underwriters – those appointed after 31 December 1994 must be associates of the Chartered Insurance Institute – and underwriting agency directors.

Grape One sinks in the Channel off Plymouth yesterday. The 15-man crew was winched to safety

Britain battered by storms

Britons spent yesterday clearing up after severe gales which caused havoc on the roads and left at least nine people dead.

Royal Navy and RAF rescue helicopter crews were scrambled through the night after a series of mayday calls. Fifteen crewmen were winched to safety from a stricken Maltese-registered freighter in the English Channel.

The crew of the Grape One were winched off the stricken ship, which had got into trouble between Start Point and Plymouth, Devon, in force 9 gales.

The crew were flown to hospital in Plymouth and the ship, which has a 50-degree list, is expected to sink, said the Ministry of Defence.

The winds, gusting to more than 80 mph, damaged buildings, brought down trees and power lines, and severely disrupted rail and ferry services.

They were among the strongest winds ever recorded in December.

The west, particularly west Wales, had the highest wind speeds, said the London Weather Centre. At Pembrey, near Llanelli, Dyfed, gusts of 98 mph were recorded.

In London, high winds brought down Christmas lights in Oxford Street and Regent Street.

Power to about 35,000 homes was blacked out in Wales, 17,500 in the south-west and 15,000 in Shropshire.

Mainline rail services between Manchester and London were brought to a standstill by fallen power lines between Crewe and Rugby.

Civil Service agencies to be privatised

By John Willman, Public Policy Editor

The British government yesterday gave the green light to the privatisation of large parts of the Whitehall machine by putting more than 140 executive agencies up for sale.

The agencies currently employ 430,000 civil servants, almost 80 per cent of the civil service, on activities ranging from the payment of benefits to the servicing of the armed forces' equipment.

Mr William Waldegrave, the public services minister, said the civil service could be reduced within a few years to a core of 50,000 policymakers buying in services from both the public and private sectors.

The move, which represents a victory for ministers supporting radical reforms of the civil service, comes after growing criticism of the government's failure to reform the civil service. Numbers of white collar civil servants rose last year, while the market testing programme has produced much smaller savings than expected.

Following pressure from the Treasury and Downing Street, much greater emphasis is now to be put on privatising public services instead of creating new agencies.

Each existing agency will also be considered for privatisation when it has a three-yearly review of its progress.

In a new departure, outsiders will be invited to participate in these reviews, effectively inviting them to come forward with bids. To increase private sector interest, the reviews will in future be announced so that bids can be made.

A white paper published yesterday on the agencies lists 92 which are already up and running, 36 of which are currently under review. A further 24 will be reviewed next year.

The names of 38 new agencies are also listed – mainly in defence – where outside interest would be welcomed.

Ms Elizabeth Symons of the First Division Association, the top civil servants' union, described the proposals as a clear departure from government policy so far.

"They are dressed up to look innocuous but herald a full-scale privatisation of everything from defence communications to core activities like the Crown Prosecution Service," she said.

But Mr John Staples of EDS-Scicon, part of the world's largest contracted services provider, said that he would review the list with great interest. "This offers a new way of getting value and quality into the public services, by focusing more on the services to be delivered than on how they are currently done."

Britain in brief

Reform move on newspaper distribution

The UK Department of Trade and Industry has linked with the Office of Fair Trading to seek "fundamental reforms" in UK newspaper distribution.

Mr Neil Hamilton, corporate affairs minister, decided to go further than yesterday's recommendations of a Monopolies and Mergers Commission report on the £1.2bn industry.

He said he wanted to initiate fundamental reforms in the supply of newspapers which would stop wholesalers refusing to supply retailers on the grounds that an area was already adequately served and to remove restrictions on the point of sale and resale of papers.

Kawasaki buys Devon plant

Kawasaki Heavy Industries of Japan is buying the Staffa Motor plant at Plymouth, Devon, from its American owners to establish a European manufacturing base.

Staffa Motor is part of the Vickers Systems Division of Trinova, the US power controls company. The plant, which has 180 employees, makes hydraulic radial piston motors used in winches and the mining industry. It has an annual turnover of about £10m. The price of the acquisition, to be signed next week, has not been disclosed.

Kawasaki is setting up its third UK subsidiary to run the plant, called Kawasaki Precision Machinery.

N-test cancer theory rejected

Servicemen who took part in British nuclear weapon tests in the South Pacific during the 1950s have not suffered an excess of cancer, according to a study published today in the British Medical Journal.

The long-awaited report by the National Radiological Protection Board and Imperial Cancer Research Fund is a follow-up to a controversial study of 22,000 bomb test veterans, published in 1988.

Phone probe suspended

The Office of Fair Trading has suspended its investigation into claims that British Telecommunications manages its telephone directory business unfairly to customers and competitors.

But Sir Bryan Carsberg, director general of fair trading, said he was doing so only to allow Oftel, the telecommunications regulator, to investigate the issues first.

Insurers hail pollution ruling

Insurers of companies that cause pollution yesterday expressed relief after a Cambridgeshire tannery won its appeal in the Lords against an order to pay £1.1m in environmental damages for contaminating a water borehole.

Had the five law lords ruled the other way, the concept of retrospective strict liability for environmental damage could have left insurers facing a bill of £3bn for the cost of cleaning up contaminated land.

Soccer mourns Blanchflower

Danny Blanchflower the former Tottenham Hotspur and Northern Ireland footballer, died yesterday aged 67.

From Irish League club Glentoran he joined Barnsley in 1949 and subsequently played for Aston Villa before joining Spurs in 1954, retiring ten years later.

In 1961, he led Spurs to the Football League and FA Cup double, the first time the feat had been achieved this century.

In 1963 he was captain as Spurs became the first British club to lift a European trophy, beating Atletico Madrid 5-1 in the European Cup Winners' Cup final in Rotterdam.

He was capped 56 times by Northern Ireland, most memorably leading his country to the 1958 World Cup finals in Sweden, where they reached the quarter-finals.

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Tories attack Delors' plan on job creation

By Roland Rudd

The UK government yesterday attacked plans by Mr Jacques Delors, the European Commission's president, to create jobs by borrowing money to pay for big environmental and transport projects such as the Channel tunnel Rail Link.

One the eve of the European summit in Brussels, Mr Kenneth Clarke, chancellor, said there was no evidence of the need for Community borrowing for infrastructure improvements across Europe.

"Here are the Commission for the first time saying they are going to borrow billions of Ecu as a Commission and dish it out to as yet unspecified projects across Europe" he said on BBC Radio.

All the EC governments were trying to get borrowing down to create the right conditions for growth.

"It really is rather perverse for the European Commission to say: 'Oh but we are going to have a public sector borrowing requirement of our own now and we are going to start borrowing billions of pounds which might start driving things in the wrong direction."

Mr Douglas Hurd, foreign secretary, joined in the attack on the Commission during yesterday's debate on Europe, arguing "it was unreal to talk about President Delors' White Paper" while there was uncertainty surrounding the General Agreement on Tariffs and Trade.

The government's negative reaction to the Commission's proposals was criticised by Mr Gordon Brown, Labour's shadow chancellor. He accused ministers of "spoiling for yet another fight in Europe".

"Many of the proposals the government now rejects out of hand are modelled on the December summit agreement in Edinburgh in 1992 for which the prime minister once claimed credit" he said.

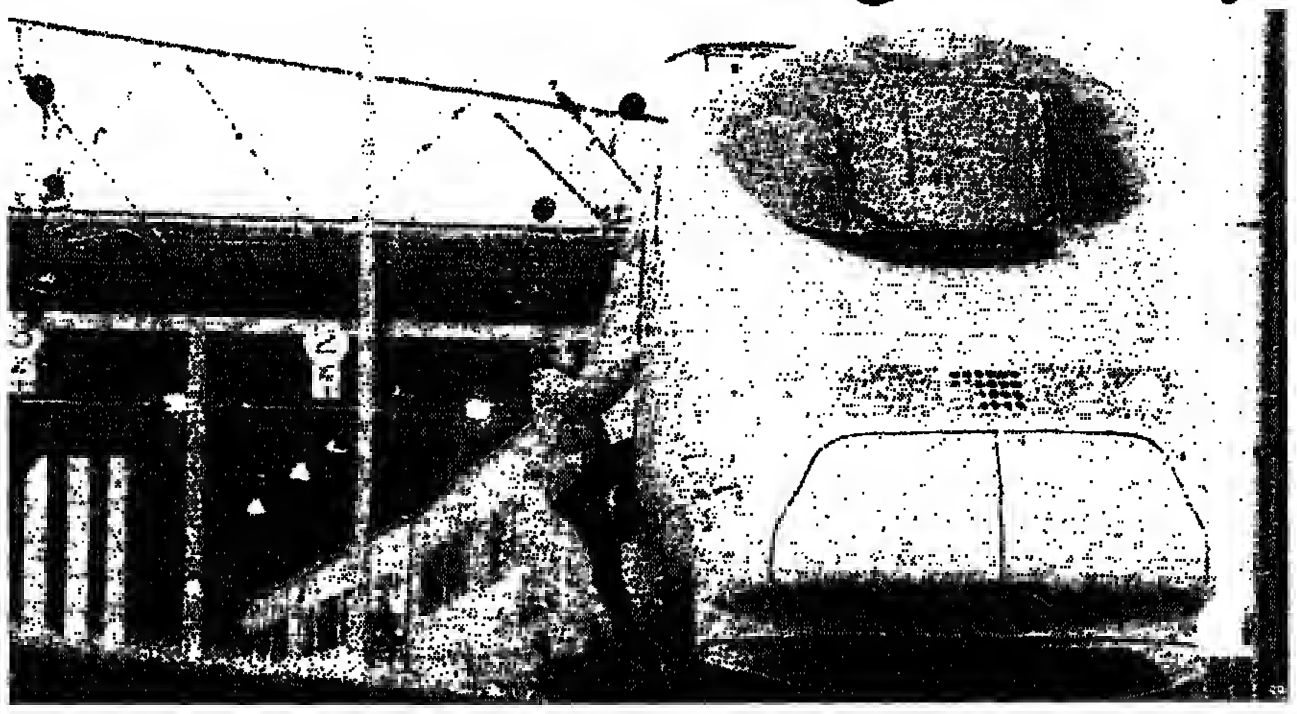
Mr Brown added: "It is clear that the negative, destructive, anti-European attitndee expressed even by declared pro-Europeans like the chancellor are designed to hold the Conservative party together."

Earlier Mr Clarke said: "We don't want these white papers produced on a Monday, trundled through a heads of government conference at the weekend, accompanied by a press release indicating that something like £100bn worth of borrowing can speed up the construction of the networks across Europe."

But Mr Brown asked: "Why does the government refuse to back action that would clearly be of benefit to the Channel tunnel rail link and prevent the national bumiliation until 2002 of trains travelling at 185 mph from a link already opened from Paris to Calais but at only 47 mph from Dover to London?"

Celebration as tunnel heads for the light of day

Andrew Taylor on the handing over of the channel tunnel project



The high-speed Eurostar train – up to a quarter of a mile long – which will serve the Channel tunnel route, in London sidings yesterday

Paul Grover

Rows over payments and delays will be set aside today as British and French contractors celebrate the end of construction of the Channel tunnel with an official handing over of the project to its operator, Eurotunnel.

Commercial services are not expected to begin until March when freight wagons should start using the tunnel. Car passenger services are likely to begin shortly after Easter.

Compared with some grand civil projects Eurotunnel has not had a bad deal although the project is almost a year late and cost more than twice its original estimate of £4.7bn when it was started in 1988.

The Suez and Panama canals each cost more than 50 times their original budgets, while the single-bore Seikan rail tunnel, which connects Hokkaido to the mainland of northern Japan, took 24 years to build, 14 more than planned, and caused 34 deaths. Its budget overshoot was far more than that of the Channel tunnel.

The Channel tunnel also cost the lives of 10 workers – eight on Britain's side and two on the French.

There was a slow start on the British side when salt water, percolating through fissures in the rock, affected the delicate controls on the 200m-long tunnel-boring machines.

Initial attempts to insulate equipment caused overheating, periodic engine fires and many breakdowns. At one stage progress under the Kent coast was less than 20m a week, compared with more than 300m a week later.

Mr John King, director responsible for the British tunnelling, later admitted: "There were several times when I thought we might not make it. "One of the worst moments was when, with water still pouring through tiny fissures in the roof of the tunnel, we had to decide whether the modifications we had made to the machines would be sufficient to let us proceed. Fortunately, they worked."

Since then engineers have gone on to break a number of records in the course of digging about 150km, in three adjoining tunnels, removing more than 20m tonnes of spoil and building the world's largest undersea tunnel.

The tunnel was just a beginning. The terminals at Folkestone in Kent and Sangatte near Calais in northern France represented two of Europe's biggest building projects.

The tunnel is one of the world's most sophisticated transport systems including more than 200km of track in the two running tunnels which are separated by the central service tunnel.

There is computer-controlled signalling as well as monitoring and override devices along the track and in trains to assist the managers of the new railway. These will operate from control towers at each end of the tunnel, either of which can operate the system on its own. Information is carried through miles of fibre-optic cable capable of handling 700m pieces of data per second.

Power for the overhead railway will be drawn from the British and French national grids from two purpose-built sub-stations at each end of the tunnel.

Stiff safety requirements, in the wake of London Underground's fire at Kings Cross and the sinking of the Herald of Free Enterprise, helped increase the project's cost and added to delays.

Mr Edward Ryder, UK head of the inter-governmental Channel tunnel safety authority, said this week that a full-scale evacuation test, involving 1,000 Channel tunnel employees and their families, will be conducted before commercial services can start.

He could not rule out further delays, but said: "We are confident that the design and concept of the project ought to be able to work safely. Once you are inside, you should be safer than you were on the journey to the tunnel."

British CEOs slip in level of rewards

By Lisa Wood, Labour Staff

Chief executives in the UK are falling further behind their international colleagues in the pay stakes despite substantial salary increases in recent months, according to a survey by Towers Perrin, the management consultants.

However, because prices in Britain are relatively low, UK executives have better living standards than many of their Continental colleagues.

The remuneration survey placed UK chief executives in 17th position in terms of their total cash remuneration in the survey of 19 countries. The league table was topped by executives in the US.

This represented a fall of three places on the finding for the previous year for the remuneration of chief executives in industrial companies with annual sales of approximately £165m.

Chief executives in the UK fared slightly better in the international scale – up three pieces to 14th position – when the criterion of total remuneration, inclnding salary, bonuses, benefits, perquisites and long term incentives, were used.

In terms of purchasing power chief executives in the UK had 63 per cent of the purchasing power of the American chief executive, putting them ahead of most of their Continental counterparts.

German chief executives had 65 per cent of the American's purchasing power, Italy 64 per cent, Spain 62 per cent, Switzerland 61 per cent and France 55 per cent.

Rover sees rise in new car output

By Kevin Done, Motor Industry Correspondent

Rover has raised car output this year with an increase of 5.2 per cent in the first nine months, and a jump of 25 per cent year-on-year in the third quarter, figures from the Society of Motor Manufacturers and Traders showed yesterday.

The company is virtually alone among European carmakers in achieving an increase.

The company has shown strong growth, albeit from a small base, in some of the main continental European markets, where it is starting to benefit from heavy investment to develop its dealer networks. Such markets inclnde Germany, France and Italy.

UK car output has also been boosted by the industry's leading presence in the production of four-wheel-drive vehicles through *Land Rover*, part of the Rover group, and through IBC Vehicles, a 60/40 joint venture between General Motors and Isuzu which produces the Opel/Vauxhall Frontera.

Land Rover has raised output of its Discovery and Range Rover vehicles by 31 per cent year-on-year in the first nine months of the year, while IBC has increased output of the Frontera by 43 per cent.

● Ford, the leader of the UK new car market, yesterday forecast only modest growth in new car demand next year with registrations expected to rise by around 4.5 per cent to 1.85m.

Ford does not expect the UK market to recover the ground lost during the recession for at least five years.

Ford credit card for April launch

By Bethan Hutton

Ford bas joined forces with Barclaycard to enter the UK credit card war, following its rival Vauxhall's entry to the market in October. Ford already issues credit cards in the US.

Ford's approacb is two-pronged. It will issue co-branded Ford-Barclaycard credit cards, available from April 1994, and will forge a link with Barclaycard's existing customer loyalty programme, giving all Barclaycard holders the chance of discounts on new Ford cars from January.

The Ford-branded credit cards, available as Visa or Mastercard, can be seen as a direct response to Vauxhall's GM Mastercard and Visa, to be issued from January. Both work as normal credit cards, but beavy spenders can earn rebates on new cars: 5 per cent of each transaction is given back as points towards rebates of up to £600 a year, maximum £1,800, with Ford, and £500 a year, maximum £2,500, with Vauxhall.

The difference with Ford's scheme is that it will not be necessary to have a Ford-branded card to participate. About 3m of Barclaycard's 8m customers are already registered with its Profiles scheme, which gives one Profiles point for every £10 spent. Points currently buy gifts from a catalogue, but from January they can also be used towards buying a new Ford.

The Ford card has two disadvantages compared with the GM card. It will charge an annual fee of £10 (waived for the first year), whereas GM has no plans for a fee for its card, and the interest rate for Barclaycards is higher, at 1.585 per cent a month (APR 21.9), than GM's 1.53 per cent a month (APR 19.9).

THE PROPERTY MARKET

When values diverge

The Queens Moat Houses case has called surveyors' methods into question, says **Andrew Jack**

The widely divergent valuations produced recently by two firms of surveyors on the assets of Queens Moat Houses, the hotel group, have triggered questions about both the regulatory processes of surveyors and the very nature of their profession. The answers may be a long time in coming.

The Queens Moat Houses accounts for the year to December 31 1991 show a valuation of the company's property portfolio by surveyors Weatherall Green & Smith of £2bn. The delayed 1992 accounts – released at the end of October – show a revised figure from Jones Lang Wootton of just £861m.

It appears that Weatherall had produced a draft valuation for 1992 presented to QMH's banks of £1.86bn, before recommending a final figure of £1.35bn. JLW produced a draft figure as low as £640m, before settling on the £861m accepted by the board.

While the full details have yet to emerge – and may never be made public – it appears that both firms of surveyors delivered their 1992 estimates within months of each other, were asked to prepare their valuations on the same open market basis, had the same information from which to work, and were asked to base their analysis on the state of the market at the same date: the end of 1992.

In other words, two large firms of surveyors had come up with such widely different values on the same properties that QMH had to settle on values in its accounts that fell by £1.14bn between 1991 and 1992.

The notes to the accounts state: "The current directors consider that they do not have a sufficient understanding of the 1991 property valuation to enable them to provide a full explanation for the decline in the property values." The auditors qualified the accounts on the same grounds.

Rather stronger language has come from others – not least from some shareholders in QMH, who have threatened legal action and attempted, unsuccessfully, to reject the 1992 accounts.

Mr Jerry Acher, head of audit and accounting at accountants KPMG Peat Marwick, says: "It calls into question the whole approach to valuations." Mr Clive Lewis, president of the Royal Institution of Chartered Surveyors, is even more strident. "The valuations were an enormous banana skin," he says. "The very size and measure makes it hard to get your mind around, and makes it such a public interest. I do not believe the profession can sit idly by when you get a QMH [situation]."

Many agree with these views, and welcomed Mr Lewis's statement shortly after the QMH accounts were published that the institution would investigate swiftly to consider whether there was a case for disciplinary action.

But when the Department of Trade and Industry announced that it would be appointing inspectors to conduct an investigation, the institution delayed its own examination indefinitely. There appears to be no legal requirement for it to do so, although, traditionally, most professional bodies have withdrawn once the DTI has become involved.

The result is to defer scrutiny of the conduct of the two firms and of the far wider question of the methodology of surveyors when making property valuations. The DTI's conclusions are unlikely to emerge within less than two years, and the institution will probably not intervene in the QMH case in the meantime.

This example is one of a handful of high-profile cases considered by the surveyors' own body, none of which appears to have led to public reprimand or clarification of the usefulness of valuations.

For example, during the takeover of Scott's Restaurant of London by BS Group, a Bristol-based stadium group, in 1990, Baker Lorenz valued the Scott's properties at £6.43m. De Morgan & Co, which was commissioned by minority shareholders in BS, arrived at a figure of £2.3m. The institution concluded: "The difference between the amounts of the two valuations is wholly attributable to a difference in valuation opinion."

Mr Lewis says that, in the past, the assets valuation standards committee has been able to rap knuckles on occasions, but it is only since a change to the bylaws in 1991 that valuation matters can be referred to the institution's disciplinary committee. This process has yet to be tested.

Assuming there is no misconduct in the QMH case, that leaves open the question of whether surveyors' valuations have any meaning, particularly during a recession. Mr Len Baker, head of the valuation department at Erdman Lewis, the surveyors, says: "I have been valuing for 30 years. I have never found it as difficult as in the last two. There is so little by way of reliable transactions. It is much more into the realm of pure opinion."

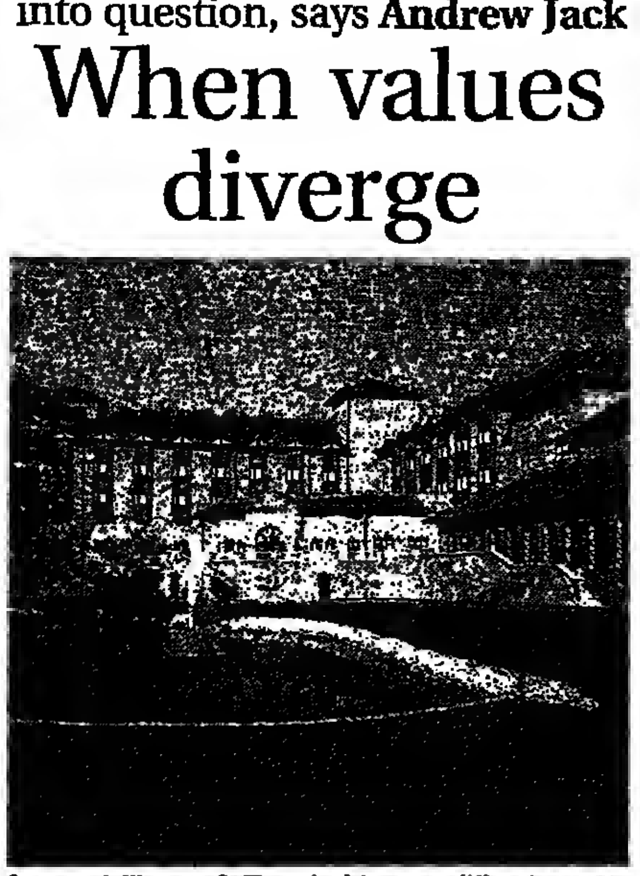
Mr Ron Paterson, technical partner at accountants Ernst & Young, says: "Valuations depend on there being a market which you can use. In the last two years it has all been more hypothetical than real [because of the recession]. In the absence of transactions I don't know how the surveying profession deals with the issues. Accounts should be about recording what you have done. You're wasting your time if you put in valuations."

Mr Lewis set up a working party on valuations, which will examine methodology and is due to report by early March next year. But he says: "There are lots of different ways you can go about valuing. There is no way of satisfactorily putting them into words."

At the start of this week, the British Association of Hotel Accountants made its own contribution to the debate with a statement of recommended practice on valuations, which strongly advises the use of discounted cash flow based on future income. But this already represents best practice in the profession, and the association's officers admit that it leaves considerable scope for professional judgment.

It is this judgment that KPMG's Mr Acher questions. He argues that, when surveyors examine investment properties and similar assets with a steady, predictable income, their figures are credible.

The problems begin when they attempt to examine future cash flow, capital expenditure and profit figures, which are vital for properties such as hotels. "Surveyors don't necessarily possess all the right skills," he says. "The valuer ought to receive these figures signed off by an accountant. We don't see that happening. The accountants and the surveyors ought to get together to issue guidance."



Surveyors' dilemma: QMH received two very different property valuations. Picture shows Solihull Moat House, West Midlands

PEOPLE

Lasmo's board now two short

Lord Rees, a former chief secretary to the Treasury who celebrated his 67th birthday yesterday, is to step down as chairman of Lasmo, the struggling UK oil company, after the next agm in May 1994.

Lord Rees, who was brought on to the board for his political contacts, has been chairman since 1988, during which time the company has more than trebled in size. However, its rapid growth, culminating in the £1bn acquisition of Ultramar in 1991, has coincided with falling oil prices.

The departure of Lord Rees is the latest of several changes in Lesmo's boardroom over the past year. Last January Chris Greentree, who had run the group for more than a decade, was replaced as chief executive by Joe Darby who joined in 1989. In October Lasmo announced that it was replacing its finance director, Michael Pavia, but has yet to do so.

Over the past year Lasmo's shares have underperformed the stock market by more than a third, and during the past two the company's stock market capitalisation has halved to £860m. There is a growing concern in the City that the company might not be able to maintain its reduced dividend and a feeling that Lasmo's board needs strengthening if it is to regain the confidence of institutional investors.

Pavia leaves the company at the end of the year and Darby says he hopes to have a new finance director in place by the end of the first quarter. "We need a fresh face, who is known in the City," Darby said yesterday. He hoped that Lord Rees' replacement would be named before the end of March.

Non-executive directors

Tesco, the UK's second-biggest grocery retailer, has appointed John Gardiner (above), chairman of the Laird Group, as non-executive deputy chairman.

Gardiner, 57, who has been on the TESCO board for five years, joins the existing part-time deputy chairman Victor Benjamin.

The move is thought to be aimed at ensuring a smooth handover when Benjamin reaches the retirement age of 60 in two years' time. It will also strengthen the representation of the non-executive segment of the board.

Gardiner has plenty of experience in the boardroom. After six years as a journalist on the Financial Times' Lex column in the 1960s, he joined the Industrial Reorganisation Corporation for two years. At 34, he was appointed chief executive of Cammell Laird, which later changed its name to the Laird Group. He added the position of chairman in 1987.

He has been a non-executive director of corporations including British Airways, British Leyland, British Shipbuilders, Cambrian & General Securities, ICL, Courtaulds and MAI. He has also been a part-time member of the board of the UK Atomic Energy Authority, a member of the National Enterprise Board, the South Bank Theatre Board, and the Council of the Open University.

Gardiner is currently a non-executive director of Enterprise Oil, PowerGen and the Securities and Investments Board, and in September was appointed chairman of the School Teachers' Review Body.

■ John Mayo, the young finance director of Zeneca, the bioscience group, has been appointed a non-execntive director of PENTLAND, tha sportswear distributor which controls 20 per cent of Adidas.

Mayo's previous experience as a director of S.G. Warburg has undoubtedly helped the 37-year-old master the intricacies of Zeneca'a operations. His understanding of the US market for ace-inhibitors – a class of drugs for hypertension – recently exceeded that of his chief executive. Sports clothing should hold faw terrors for him.

■ Sir Peter Middleton, deputy chairman of Barclays Bank, at NORTH WEST WATER.

■ Bob Bauman, chief executive of SmithKline Beecham, and Charles Sinclair, group chief executive of Daily Mail & General Trust, at REUTERS HOLDINGS; Ian Park and David Snedden will retire in April.

■ Sir Bob Reid, chairman of British Rail, at BRITISH BORNEO PETROLEUM SYNDICATE.

■ Edward Elson has resigned from W.H. SMITH on his appointment as US ambassador to Denmark.

■ Frank Charnock, retired chairman of Jones Lang Wootton International, at HAMMERSON GROUP.

■ John Ansdell, former group finance director at Trafalgar House, at CRESTON.

■ Alan Bewkett, chief executive of Berisford International, at GREENE KING.

■ Peter Adams, chief executive of Taunton Cider, at HOZELOCK GROUP.

■ Sir Terry Heiser, a former permanent secretary at the Department of the Environment, and Peter Macfarlane, finance director of Allied Lyons, at McDONNELL INFORMATION SYSTEMS.

■ Lord Wilson of Tillyorn, former governor of Hong Kong, at MARTIN CURRIE PACIFIC TRUST.

■ John Parry, retired md of Hammerson Group, at CENTROS.

■ Rex Clark, dean of Leeds Business School and former deputy md organic chemicals division at Laporte, at MOVEX.

■ Alan McWalter, marketing and business development director of Comet Group, at CONSTANTINE HOLDINGS.

■ Anne Roberts (below), md of National Trust (Enterprises), at REMPLOY.

Sinclair to co-ordinate Europe at Dell

Dell, the world's fastest growing computer company, is reorganising its European business as it evolves from youthful entrepreneur to sophisticated multinational business.

Bruce Sinclair, European vice president, has been given charge of all Dell's sales, marketing and service operations in Europe. A new team of seven country managers, including Michael Swalwell in the UK, will report to him.

He says the move is designed to streamline and co-ordinate the company's European activities which had become fragmented and inefficient. While planning and treasury management were carried out at the company's headquarters in Austin, Texas, Europe had become a number of small, separate, businesses reporting to the US.

Sinclair joined Dell in 1988 to launch Dell Canada, which had become that country's fastest growing company by 1991. He was appointed vice-president of Europe 18 months ago.

Before Dell, he had been chief executive of Harris Systems, the electronics and semiconductor concern. Denis O'Kelley, formerly with Digital Equipment and Burroughs (now Unisys), has been appointed first vice-president of European customer service and Philippe D'Argent, formerly managing director of Dell France, has been appointed vice-president, European marketing.

Dell was formed in 1984 by Michael Dell, then 19 years old, on the then revolutionary premise that personal computers could be sold by mail order backed by telephone service.

■ Steve Edkins has been appointed product development director of DST CLARKE & TILLEY; he moves from Sherwood Computer Systems.

■ Paul Davies, formerly md of EASAMS, part of GEC, has been appointed md new business of COMAC.

■ Peter Manson, formerly UK sales director, of Compaq, has been appointed md of DATAPOINT UK, in succession to David Berger who becomes vice-president of sales and distribution at HQ in Paris.

■ Marianne Cooper has been appointed md of EDS-SCICON's process industries division.

MANAGEMENT

Lucy Kellaway speaks to an image consultant about the dress sense of Britain's captains of industry

Sir John, get rid of those ties

When you cross your legs are there two inches of flesh between where the socks end and the trousers begin? Do you polish your shoes only when you notice they are scruffy? Do you hang your suits on wire hangers? Is your hairstyle the same as it was 10 years ago?

If the answer is yes to most of these questions you need help. That is the view of Mary Spillane, founder of CMB Image Consultants, who has made a living over the last 10 years telling British men how to look better. She has encouraged the bosses of the former nationalised industries to cast off their cheap suits made from indestructable fibres. She is now hard at work encouraging British Rail managers that executives of go-ahead private companies do not wear ties that end mid-belly.

British businessmen generally – and not just those who are being smartened up to be sold off – are beginning to take care about the way they look. Yet according to Spillane, surveys still show that British businessmen are regarded as the worst dressed in Europe. It is not just vanity that is at stake: looking good is said to be an important first step to getting the job, doing the deal and winning the debate.

She believes the sartorial style of John Major, the UK prime minister, sets a bad example. She was horrified to see him recently wearing his first double-breasted suit, which he evidently did not know how to do up. "There was then a hysterical dance by the leader of the country looking for his buttons."

Despite Major's recent conversion, double-breasted suits are out, she says. So, too, are white collars, which decapitate the wearer, and stripey shirts, which are too hard on the eye.

The guiding principle is that businessmen should be more conscious of what they wear, should consider their audience and the effect they want to have on it and should dress explicitly with that in mind.

Yet just giving their appearance a bit of thought does not mean they get it right. The Financial Times asked Spillane to comment on the appearance of some of British industry's most notable dressers, and found that she was often less than impressed.

Sir John Harvey-Jones, former chairman of ICI, is perhaps the most notorious dresser in business. He has become almost as famous for his ties and for his flowing locks as for his oft-repeated views on the ills of British management. Yet Spillane describes him as a "complete mess" and is horrified by his wayward hair; the flecks of dandruff on his collar and his crumpled suits. She recommends that he change his shampoo, grow his hair longer so that he can wear it in a pony-tail, and buy a trouser press. She also strongly urges him to do something about those ties. "His personality is larger than life and he does not need the stupid ties." He can still wear fun ties, but the gardenias flapping around his neck should not arrive before he does.

The verdict: Birt needs an iron and Harvey-Jones needs a pony-tail, but Hanson is the 'quintessential businessman'

Richard Branson, chairman of Virgin Atlantic, another well-known dresser with his jazzy sweaters and his shirts open to the waist, does not know where to stop, argues Spillane. She applauds the casual sweater he wore for negotiations with British Airways, as it sent out the message that Virgin is the antithesis of the other airline, more user friendly, more trustworthy. Yet to address the conservatively clad Institute of Directors in shirt-sleeves without a tie was going too far. "It was a very arrogant gesture. His message would have been stronger if he had shown more respect." While she thinks it appropriate that his unconventional approach to business should be reflected in casual dress, she quibbles with his taste. "The poor chap is colour blind. You see him on TV and what he is saying is gripping but you can't listen. Your eyes are drawn down to that catastrophe of a sweater."

Alan Sugar, chairman of Amstrad, is not an establishment business figure and his appearance seeks to get the idea across. He sports a beard, which is still regarded as an act of defiance by a captain of industry. Sugar's facial growth is deemed beyond the pale by Spillane. "Because it is so multi-coloured, it looks dirty, as if he still has Marmite and cornflakes in it." The cut-away collar and the big chunky knot also come in for disapproval: "They are very 1970s." She thinks that for someone who has been through difficult times and who has needed the support of shareholders, a cleaner image might have been better.

John Birt, director-general of the BBC, is trying to bring about a management revolution at the corporation and deems the best way to present himself for that delicate task is in an Armani suit. The publicity photographs sent out by the BBC show him looking dapper, fashionable in an understated sort of way. Spillane thinks his ties are fantastic: "They show he knows it's 1993." She also likes the soft European shirt, which is perfectly matched by his European suit.

Yet far from giving Birt high marks for general appearance, she thinks the photograph lies. "He looks marvellous in the pictures, but when you see him standing up he looks like he is in a bin liner covered in wrinkles." She advises him to give each suit a two-week holiday in between outings to let the fabric rest.

The option of an Armani suit is not open to Sir Richard Greenbury, chairman of Marks and Spencer who is more or less obliged to wear the same M&S suits he sells to the average British businessman. Spillane thinks the look is "presentable" yet notes that the single button on his jacket strains over his stomach. She does not like the way his handkerchief has just been plonked into the breast pocket and thinks the average paisley tie would be appropriate "for a guy going nowhere". For greater authority, in keeping with his status, she recommends a plain, woven silk tie, set off by a patterned handkerchief.

Robin Leigh-Pemberton (now Lord Kingsdown), the blue-blooded ex-governor of the Bank of England, sports expensive hand-tailored Savile Row suits with trousers that begin just under the armpits. "He has no waist. He should never be caught without his jacket on. His suits are very heavy, far too heavy for today's heated offices and do not drape well. To Europeans his image says stuffy, dated, boring."

Yet not everyone gets torn apart by Spillane. She thoroughly approves of Lord Hanson, the chairman of the Anglo-American conglomerate. He looks the "quintessential businessman" with his trim suits, hand-made shirts, double cuffs and cuff-links. His tie and handkerchief complement each other, but never match. Yet not all the credit for this pleasing effect goes to his tailor nor even to his colour sense. "You have to think of the raw material you start with. There's a great body under there."

There is a message here for businessmen in general. Looking better may not be about throwing out the old wardrobe and starting again. "If most British businessmen went on a treadmill three times a week, the clothes they have would look much better on them," she says.

Square pegs in round holes

Re-engineering does not always fit, writes Christopher Lorenz

Contrary to all the hype surrounding the subject, most "re-engineering" projects fail to create much improvement in the financial performance of the organisations which introduce them – sometimes it even gets worse. This is in spite of the considerable impact which re-engineering often has on individual "business processes", in terms of both cost reduction and productivity improvement.

The reason for this apparent paradox is that most re-engineering projects lack breadth, depth, or committed leadership by senior executives – even all three.

These are the main conclusions of a study of re-engineering projects in 100 companies around the world carried out by three consultants from the New York office of McKinsey & Co, Gene Hall, Jim Rosenthal and Judy Wade.

Of 20 companies which the consultants studied in depth, many cut the cost of their redesigned processes by between 15 and 50 per cent. But only six achieved total cost reductions of above 13 per cent in the business unit concerned; the highest was 22 per cent. Even these better efforts created, at most, a marginal rise in pre-tax earnings.

As one of their "five keys to a successful redesign", the consultants say that chief executives of organisations with re-engineering projects need to commit between 20 and 50 per cent of their time to them.

In its indictment of narrowness, shallowness, and lack of leadership, the study reinforces existing evidence that, because of all the hype, the term "re-engineering" is being mis-applied by many companies.

First, it is being attached to the design of narrow activities within individual departments or "functions". One example given by the consultants is accounts payable. By contrast, the originators of the term intended it to be applied only to broader processes which span several departments, such as order generation and fulfilment, in which billing and payment are only small components.

Second, the study underlines the danger of seeing re-engineering as a shallow, isolated exercise, rather than combining it with other elements of "change management". The consultants itemise – albeit in rather an odd order – six so-called "depth levers" which must also be changed: people's roles and responsibilities; measures and incentives; organisation structure; information technology; shared values; and skills.

Reporting on their study in the latest issue of the Harvard Business Review*, the consultants single out three companies as model re-engineers: AT&T, Banca di America e di Italia, and Siemens Nixdorf Service. In all three cases, senior executives not only set ambitious goals, but restructured every element of the organisation.

By contrast, the McKinsey team cites a European commercial bank which expected that a redesign of some of its back-office activities would cut its process costs by almost a quarter. The actual reduction was only 5 per cent, and pre-tax earnings rose by a scant 3 per cent.

The reason was not only that the bank had overlooked many back-office processes, but also that back-office costs represented only 40 per cent of its total costs. "The process had been too narrowly defined," the consultants comment.

Apart from committing large amounts of the chief executive's time, the consultants' other "key steps" to successful re-engineering include the setting of aggressive performance improvement targets for the entire business unit concerned, not just for one or two individual processes within it.

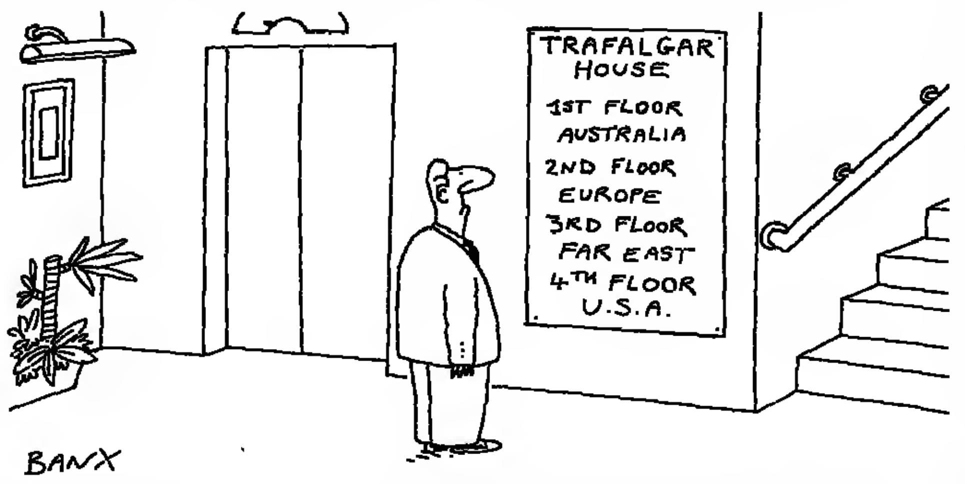
They conclude that the problem is that most executives think they can accomplish everything "with a memo and a slick video of the CEO talking about the need for change".

**How to make re-engineering really work, HBR Nov-Dec 1993. Reprint no 93604. Fax (US) 617-495-6985.*

TECHNOLOGY

Worldly wise in half a second

Trafalgar House has united its staff with an electronic global office, writes Joia Shillingford



Companies have to move quickly to stay profitable. They also need to be as international as their clients. It was these pressures which spurred UK-based Trafalgar House Engineering to streamline its world operations by building "electronic corridors" – high-speed computer networks – to link employees in 38 offices across 12 countries.

Since September, all the company's sites have been operating as one global office. As a result, Trafalgar House is able to offer its customers shorter working times on new projects – through concurrent or simultaneous engineering (with different stages worked on in parallel rather than in sequence) – and match the worldwide scope of their businesses.

The global office system (called Join), which runs on standard computers, gives staff at far-flung sites a versatile set of tools for working together. From an on-screen menu, they can select facsimile, electronic mail, computer-to-computer data transfer or a central database. A number of sites also use videoconferencing.

"The system enables us to exchange information as if we were communicating with someone on another floor of our building," says Graham Hill, general manager for oil and chemicals at the Melbourne, Australia, office of John Brown Engineers and Constructors, the industrial plant unit of Trafalgar House Engineering.

The idea was born two and a half years ago when the company was looking for a way to differentiate itself from competitors. It realised that it could win more business from multinational companies if it could act for them anywhere in the world.

It was in a favourable position to do this, because two years ago, after the acquisition of Davy Corporation, the ill-fated engineering contractor, it had 183 sites, some quite small. By contrast, most of its rivals had a small number of very big sites. The problem was that although Trafalgar House Engineering had 25,000 staff in all, the different sites were like individual companies with individual characteristics.

The solution was to use information technology to enable staff to work in "virtual teams" – separated by distance but working as if under one roof. Strong backing came from Ian Robinson, Trafalgar House Engineering's chief executive, and Ted Bavister, then deputy managing director and since retired.

The first hurdle the company faced was that some of the technology it needed did not exist. To fill the gap, it identified a number of suppliers moving in the direction it wanted to go. And it started to develop new products with them. For example, with 3Com, the US computer networking company, it has developed a form of advanced data compression enabling data to be sent through the Join network more quickly and cheaply.

Helped by Oracle of the US, it has developed a large relational database that can handle concurrent engineering. Called Engines, it gives all engineers on the Join network access to the latest information on the projects in which they are involved. They can call up word-processed reports and drawings created using computer-aided design (CAD) software.

Together with the database, Trafalgar House is using an electronic document management system developed in-house. With this, an engineer in, say, Bangalore, India, does not need a copy of the Cad or word-processing software used in London to view a document created there. "This approach has saved us a lot of money in software licences," says Jim Noble, head of IT on the engineering side.

The database also makes 24-hour working possible. For example, an engineer in London can check and correct the work of a colleague in Houston using "redlining" (a form of on-screen annotation) while the engineer in the US is asleep.

"Recently," says Hill, "we were doing the designs for a plant in Pakistan. Our client contacted us one day at 4pm saying he wasn't clear about a technical detail. That night, we sent an E-mail message to an expert in Houston asking him to look at the design and annotate it on the system. His comments were waiting for us the following morning and we had an answer back on the Singapore-based client's desk before he got into work."

Other benefits of the database, which has cost Trafalgar House more than £10m to develop, include:

- Lower travel costs. Experts anywhere in the world can contribute to a project and are less likely to have to relocate.
- Reduced project costs. "Concurrent engineering allows projects to be completed more quickly," says Noble. "We managed to shave 20 per cent off the cost of developing one plant."
- Fewer mistakes. Join includes an "expert system" which can automatically follow a set of rules. For example, it can be made to draw supports on every pipe relative to its size and length. This saves time and reduces errors.
- Closer links with customers. Clients are seeing the benefits of Trafalgar's concurrent database and want it themselves. Time-to-market is critical for Merck, the big US pharmaceuticals group. So it is using the Trafalgar system for concurrent plant development. The database helps it to write the initial specification and check that the project is going according to plan.

Another benefit, according to Hill, is that sites which are remote feel closer to the main office in London. The speed of the network helps to maintain the illusion. The Join network responds within half a second, even between London and Melbourne. "Any longer and users would not feel they were in the same office," says Noble.

Worth Watching · Della Bradshaw

Hollywood on a desk-top disc

Technology developed for the big Hollywood film studios has now been shrunk to suit the needs of companies which use desk-top publishing or applications that involve moving video images.

Microdisk, developed by Micropolis of Chatsworth, California, is a hard disc drive which delivers an uninterrupted flow of data, unlike many other hard discs. It was specially developed for use in film studios, as video images need a continuous data flow.

The desk-top version – a board and a disc drive – sell for less than £10,000 and can be used with a PC or Macintosh. Micropolis: US, 818 709 3300; UK, 0734 751315.

Core IT elements kept in-house

Companies are increasingly happy to outsource their information technology requirements. However, contrary to popular perception, they did not outsource core facilities but peripheral ones, according to the latest report, "UK IT Outsourcing Survey: 1993", from the PA Consulting Group. The report surveyed 230 UK organisations, 74 per cent of which had outsourced some of their IT provision. On average only 10 per cent of their IT budget was spent on outsourced services.

Although 55 per cent of the companies cited cost savings as a main reason for outsourcing, 30 per cent said there had been none. In some cases costs had even risen. PA: UK, 071 730 9000.

Dusty answer for plastic card fraud

The latest way of preventing plastic card fraud involves littering the card with dust particles during the production process.

Developed by Inkode of Virginia, Washington, and marketed by NBS, of Byfleet, Surrey, the process involves dropping tiny quartz rods, each with a reflective coating, into the plastic.

Although invisible to the human eye, the randomly distributed particles can be "seen" by radio signals emitted from a scanner.

Because the distribution of the particles is unique to each card, the identity of the card can be verified by passing it within 30 metres of the radio transmitter. Inkode: US, 703 276 8000. NBS: UK, 0932 354242.

Less scary body scanners

Traditional medical body scanners have often proved terrifying for small children, as the patient has to be transported into a tunnel. Patients wired up to life support systems, the obese and the claustrophobic have also had problems.

A breakthrough in magnet technology has now enabled Siemens to develop a magnetic resonance imaging scanner which is open at the sides, removing many of the problems.

The Magnetom Open uses a 'C'-shaped magnet which curves over the patient's body rather than a circular magnet. Developments in the gradient coils, which create the smaller magnetic fields, and the radio frequency equipment which transmits the information, have also contributed to the open shape of the scanner. Siemens: Germany, 9131 840; UK, 0344 396326.

Smoothing a bumpy journey

Anyone used to driving along bumpy country roads could be grateful for an infra-red device which monitors steering and vibration and adjusts the car's suspension to compensate.

Developed by the independent design consultancy Sira for Renault, the French car maker, the device measures the distance the wheel is turned and the speed. It then instructs the car's management system to adjust the suspension accordingly. Because the mechanism uses light it should last longer than mechanical measuring devices. Sira: UK, 081 467 2636.

Green innovation takes centre stage

Nancy Dunne on moves to create US export markets

During 12 years of Republican rule, it was a maxim in Washington that the US government's job was to obliterate industry regulation so that the market place could work its magic.

The Clinton administration disagrees. Carol Browner, the environment protection chief, argues that strong standards at home will force industry to flex its creative muscles and that in turn will make it more competitive abroad.

The US was the first nation to regulate stringently electric power plant emissions with standards for new boilers in the 1970s. American manufacturers dominated the market for scrubbing technologies until Japan and Germany adapted tough standards of their own, according to the US Commerce Department.

There were other departures from "old thinking" available when Ron Brown, the commerce secretary, and Browner recently announced an environmental technologies export strategy. The administration was leaving behind decades of debate over industrial policy which has confined government efforts to "an ideological box", said Brown.

The US government-industry partnership will go beyond the handing out of billions of dollars a year in research and development grants; the administration is also "reinventing" a government structure which better serves its private-sector "customers".

An Environmental Technologies Trade Advisory Committee will provide advice on expanding environmental technology exports to the highest levels of the administration, while the federal government also works with local companies, associations and interested groups to form regional environmental export councils around the country.

An Interagency Trade Policy Co-ordinating Committee will identify markets, create export marketing plans and set up "one-stop shops" which will gather and disseminate data about export markets. Four regional one-stop shops will open next January in Miami, Los Angeles, Chicago and Baltimore.

The Environmental Protection Agency will promote and accelerate private-sector commercialisation of environmental technologies. It says it will restructure its regulation to reward rather than penalise users of innovative technologies rather than promoting reliance on existing and widely accepted products.

Mexico – where $6bn-$7bn (£4bn-£4.6bn) is to be spent on environmental clean-up in the coming years – will be the first target of the export strategy.

The current global market, worth $200bn-$300bn for environmental goods and services, Brown said, would soar as high as $600bn by 2000. Although the US could capture "a significant piece" of the market, it faces intense competition from Japan and the EU, whose industries are "backed by a range of co-ordinated and focused government programmes".

Bill Haney III, one of the founders of Molten Metal Technology of Waltham, Massachusetts, sees "extraordinary opportunity" in the initiative and notes striking changes in US philosophy. "Historically, the executive branch thought environment and economic development were antithetical," he said. "Now, it is understood that the US needs a leading edge in regulation to lead the industry. As we try to meet standards, we'll create new products."

He was also struck by the "self-confidence and greater sense of mission" among presidential appointees, who are working together to maximise US competitiveness – in this case the commerce, energy and environmental agencies. There is no sign of the ego problems, turf wars and power trips which plagued past administrations. Founded in 1989 by a group brought together by the Massachusetts Institute of Technology, Molten Metal designs and builds plants to recycle hazardous wastes into usable products. It has 150 employees and expects to double that number next year.

Haney said the company has numerous opportunities in the US, but Mexico, which wants to leapfrog to the cutting edge on environmental clean-up, is "the most exciting new market in the world".

Joan Gardner, head of Applied Geographics of Boston, has a two-year-old company with 10 employees. The company creates digital environmental maps used by utilities, planners and local governments.

After visiting Mexico City with a state trade mission, she has entered a joint venture with Grupo Gutsa and North-west Water of the UK to maintain and improve part of the city's sewer system.

She is impressed with the administration's support for small businesses. "We knew there was a market out there, but we didn't really appreciate the breadth of it," she said. "This permits us to become part of the team."

هكذا من الأصل

ARTS

Detail from 'An Amorous Encounter' by G.D. Tiepolo at Hazlitt, Gooden & Fox

Inside the palazzos of Venice

Susan Moore reviews two exhibitions of Venetian furniture and drawings

You see them in the conversation pieces painted by Pietro Longhi and his imitators. Arm chairs and stools with carved cabriole legs, rather French in appearance. Murano glass mirrors and little *bombé* commodes, all gaily painted in a palette of blues, pinks, cream and grey. In reality, 18th century Venetian painted furniture is much harder to come by. Victims of poor quality local materials – soft wood such as pine – and the devastating humidity of the Serenissima, relatively few fine pieces have survived.

It has taken the London-based private dealer Patrick Syz some 15 years to gather together the small but choice group currently on show in "The Spirit of Venice: Three Centuries of Paintings and Furniture". The exhibition offers a rare opportunity to marvel at the light-hearted vitality and flights of fancy of the Venetian cabinet-makers – and at their abysmal craftsmanship. Open an ill-fitting door and be appalled by the finish – or lack of it – and the crude and disfiguring locks and hinges. Venetian furniture is admirable for its effect rather than its execution.

In the hands of the Venetians, the French rococo style was transformed almost beyond recognition. Once over the Alps, the elegantly swelling *bombé* commode took on a distinctly voluptuous, top-heavy line. The extraordinarily sculptural high-chested tabernacle here, probably made for a private chapel, knows no flat surface save the *faux* marble plinth on which to stand a Madonna.

Arm chairs are altogether more accommodating: light in construction, comfortable and lacking in any pretention. Decoration is more idiosyncratic. Only rarely does one find the same treatment twice. Trophies of war in rich lapis blue adorn the more refined of the pairs here. Little bunches of flowers and ribbons of lace are strewn carelessly across an elaborately carved and pierced Bordeaux-red mirror frame. Its arms and candleholders are carved flowers, bells of red, yellow and orange blossoming out from green stems.

While the French inset porcelain plaques into their grandest pieces, a corner cabinet here is decorated with *faux* blue and white Delft with *Chinoiserie* figures and birds in landscapes of temples, bridges and willows. There are no opulent ormolu mounts but gilded *pastiglia*, a kind of paste moulded into scrolls and flowers. Once again, the top is *faux* marble.

The quality of the painting at its best has prompted some furniture historians to attribute pieces to the likes of Tiepolo and Guardi, forgetting perhaps that the painters would have belonged to different guilds. Certainly the outstanding cabinet here seems to have been decorated after rather than by the painter Zocchi. This is a *parrucchiera* or lady's wig chest, its elaborate cartouches painted with charming rustic scenes of shepherdesses, bird-catchers and *fêtes galantes*. One of the scenes copies a print by Zocchi. If it were based on his original conception, the scene would be painted in reverse.

But the exhibition also includes a piece of decorative painting, an overdoor perhaps, by Giambattista Tiepolo himself. This is a rare *doraille* – rather than *grisaille* – a "Deborah and Barrach" painted in gold against a dark ground. In a lighter vein is a caricature of a man holding a tricorn hat, one of a number of drawings to supplement the show. In pride of place hangs an allegory of "The City of Venice Adoring the Christ Child" by that superlative colourist Veronese. Venice is resplendent in rich brocades, a beguiling lion crouching at her side.

The spirit of Venice is also manifest at Hazlitt, Gooden & Fox which presents another select small show, this time of 18th century Venetian drawings. The larger part comes from the collection of the Duc de Talleyrand. Even in 20 or so sheets, most aspects of life and art in the Serene Republic appear, from a large and sparkling Guardi of a regatta on the Grand Canal and an unusual Canaletto of a market on the Riva degli Schiavoni, to Giandomenico Tiepolo's bold comedies of manners.

For sheer technical brilliance, Giambattista Tiepolo's draughtsmanship is second to none. Two studies for ceiling frescoes are thrilling examples of what one authority has dubbed his flying pen.

No Venetian drawings show seems complete without a Punchinello from the *Commedia dell'Arte*. He is to be found in Novelli's fine pen and ink drawing of a Venetian masked ball, sporting the traditional costume of hook-nosed mask and sugar-loaf hat and wielding a fork and a pot of the favourite food of Punchinellos – gnocchi. Both galleries show us works of art worthy of any museum.

The Spirit of Venice (Syz, 94 Eaton Place, SW1) and *Eighteenth Century Venetian Drawings* (Hazlitt, Gooden & Fox, 38 Bury Street, SW1) continue until December 17

Ballet/**Clement Crisp**

'The Nutcracker' – in disguise

Well, here it is again. Wearing a comic mask and pretending to be different – "What, me? A Nutcracker? Oh, no, I'm something completely new!". The answer to all of which is, of course "Nuts!".

But at least the thing has made an effort with its disguise. Matthew Bourne's *Nutcracker* was created for his Adventures in Motion Pictures troupe, and I reported on it from last year's Edinburgh Festival where it was part of an Opera North double bill including (as in the first staging in 1892) Tchaikovsky's opera *Iolanta*. It is a merry transformation for this season of goodwill – though my own goodwill towards *Nutcrackers* is about the same I would offer to one of those ostrich-sized deep-frozen turkeys that lie menacingly in supermarket freezers.

Bourne's witty trick is to transpose the action to an orphanage, run by the vile Dr Dross. His wife is matron – one having the heart-warming charm of Stalin. Their children, Fritz and Sugar, are spoiled brats. The orphans are pathetic, and Bourne gets theatrical mileage from the sincerity with which his cast conveys this. Clara (played with tremendous sincerity and gusto by Etta Murfitt) is the leading orphan, and her love for the Nutcracker (more Chippendale toy-boy than toy) is shown as a piece of Mills and Booncry: despite setbacks, she gets him at last.

The staging is everywhere resourceful. Bourne's orphanage is a nicely grim location for a grotesque party, which is well worked out to the music. The mouse-battle is a dormitory pillow fight: the snow-scene a skating party in which Ally Fitzpatrick's Sugar (Sonia Heinje to the life) appropriates the Nutcracker-hunk (Andrew George). The second act Kingdom of Sweets is a collection of noxious goodies – liquorice, marshmallows, three belligerent punk gob-stoppers – which Bourne handles very well. And after the final duet, which has celebrated the union of Sugar and the Nutcracker, Clara awakens back in the orphanage, and we are given a happy ending as she finds the Nutcracker in her bed, ready to elope with her.

So far, so amusingly good. The acting abilities of AMP respond well to Bourne's demands: the staging is lively, agreeably sardonic, and looks delightful in Anthony Ward's clever designs; the smaller dance numbers (in which *Nutcracker* abounds) are jolly revisions of the hallowed old routines. I missed, though, choreography to respond to the two greatest moments in the score, the snow-flake waltz and the grand pas de deux. Bourne misfires with both. The skating party in the snow has a cursory air. The grand pas de deux has always had music wholly unlikely for its purpose – the final celebration in a children's ballet. We hear Tchaikovsky at his most hauntingly melancholic and, as we now know, at his most personal. Roland John Wiley has identified the metric shape of the descending scale (which is the melodic device of the duet) as following exactly the prayer "And with the saints give rest" which is part of the Russian Orthodox funeral service. Wiley points out that as Tchaikovsky worked to complete the score – with some difficulty – he heard of the death of his beloved sister. The gravity of the music is explained, and it demands the choreographic nobility that Ivanov gave it in the first production. Bourne is too frivolous, his dancers not grand enough.

These objections apart, the staging is a happy one, given with enthusiasm by its cast. The young may be taken to it with certainty that they will be entertained. The score, in Rowland Lee's sensitive edition, is well played by the New London orchestra.

The Nutcracker is at Sadler's Wells Theatre until December 18. Production sponsored by The Kobler Trust.

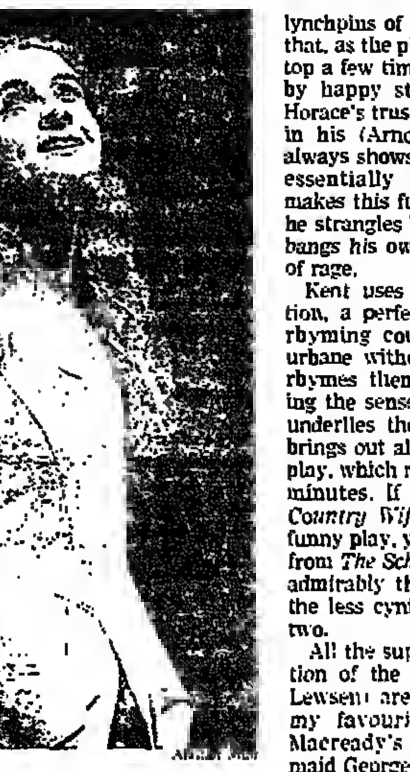
Theatre/**Alastair Macaulay**

A first class 'School for Wives'

At the still core of Jonathan Kent's excellent new Almeida production of Molière's often uproarious 1662 comedy, *The School for Wives*, is a beautifully tranquil performance by the young actress Emma Fielding. She plays Agnès, the girl whom the cynical middle-aged Arnolphe has had reared in perfect ignorance. He believes that most women are successfully adulterous because they are clever; and that he will avoid becoming a cuckold by marrying this girl, of whose lack of cleverness he is assured. But Agnès, from her window, has seen Horace: the two have fallen in love: and . . .

Agnès is not a large role, but Fielding invests her with wonderful radiance and simplicity. Strength of character, too. ("You can keep someone ignorant but you can't keep them stupid." Fielding has remarked about the role in a radio interview.) When she argues with Arnolphe, her calm common sense has more force than his energetic duplicity. We are made to feel powerfully that his selfish schemes are a crime against nature itself. Standing wide-eyed and speechless at her window (a position which Jonathan Kent makes the chief motif of his production), she becomes a symbol of true innocence. All those who loved Fielding's performance as the child prodigy in Tom Stoppard's *Arcadia* this year should see her in this role; and one hopes to see her soon in larger parts soon.

But so much about this production is marvellous. It is a pleasure, even before the start, just to look at Peter J. Davison's set. The little French 17th-century two-storey house at its centre, and all that surrounds it, are a précis of old Paris, in ravishing sub-terracotta hues. Peter Mumford's lighting makes the different times of day register to fine effect – and, when rain falls (before the play and throughout the penultimate scene), that looks gorgeous too.



Emma Fielding: beautifully tranquil as Agnès

The play's main role, and the leading agent of its comedy, is Arnolphe. He is a hilarious oxymoron: a clever fool, a daft cynic, a self-defeating self-server. Ian McDiarmid (who is, with Kent, the Almeida's joint artistic director) catches all this in a performance of terrific virtuoso energy. His dynamic range, the musicality of his pacing, the inventive characterfulness with which he listens: these become lynchpins of the whole production. A pity that, as the play proceeds, he goes over the top a few times – notably when overcome by happy startlement as he listens to Horace's trusting plan to place Agnès back in his (Arnolphe's) own power. But he always shows that Arnolphe's character is essentially destructive, and he often makes this funny – as when, unwittingly, he strangles his two servants; or when he bangs his own knees together in a spasm of rage.

Kent uses the Richard Wilbur translation, a perfect example of how to make rhyming couplets (pentameters) wittily urbane without milking laughs from the rhymes themselves and without sacrificing the sense of basic good manners that underlies the play. And Kent's direction brings out all the panache and brio in the play, which runs without an interval for 90 minutes. If you know Wycherley's *The Country Wife* (1675), a more thoroughly funny play, you can see how much it takes from *The School for Wives*, but Kent shows admirably that Molière's play is actually the less cynical and more humane of the two.

All the supporting roles (with the exception of the notary, overdone by Charles Lewsen) are delightfully played. Perhaps my favourite feature of all is Carol Macready's performance as the selfish maid Georgette: I love the way a scheming smile gradually illumines her fat, silly face, and the slatternly way she uses a Wolverhampton accent. But no, perhaps my favourite feature is the thick-rimmed pair of lunettes that Davison has given her to wear. They come straight out of period French theatre designs, by the way, and they perfectly give Georgette an air both blinkered and goggling.

At the Almeida Theatre, N.1. 071-226-7432. Until January. Sponsored by the Laura Pels Foundation.

Opera/**Max Loppert**

'Poppea' in concert

This month Londoners find themselves tempted by an extraordinarily rich spread of concert opera: Berlioz's *Troyens* at the Barbican, Tchaikovsky's *Iolanta* at the Albert Hall, and now, for two performances only, Monteverdi's *Incoronazione di Poppea* at the Queen Elizabeth Hall.

Opera-in-concert proves sometimes a disappointment, when score-bound singers in evening dress seem to do no more than stand and deliver, so that the full range of the medium seems crudely narrowed. But when heights of expressive intensity are reached such as those revealed on Wednesday, the form seems to realise a musico-dramatic ideal – pristine, intimate, all-of-a-piece – seldom even adumbrated in the opera house.

But then, opera-in-concert is hardly an apt generic categorisation of this particular event. In common with the splendid evenings of Mozart opera – *Idomeneo*, *Tito*, recently *Figaro* – masterminded by John Eliot Gardiner and his Monteverdi Choir and English Baroque Soloists in the same hall, Gardiner's *Poppea* struck an exact balance between "staging" (employing here carefully chosen entrances and exits, platform movement, an elegantly spare use of chairs) and concert-hall concentration on the music.

In Peter Holman's specially prepared edition (a careful new scrutinising of available sources) a sparing group of instruments has been prescribed: strings, continuo keyboards and lutes, two harps, none of the wind-and-brass sonic aggrandisement that marked Nikolaus Harnoncourt's bloated burlesquing of *Poppea* at this year's Salzburg Festival. The double-headed layout of accompanying forces provided a natural arena for the activity of voices and, when necessary, bodies; Gardiner, seated on the right, did not so much conduct as, with an occasional flexing hand, shape and direct the flow of notes and words.

For this reason, and because the cast was chosen for its ability to focus pure vocal sound on the "organic" delivery of the text, it all amounted to a *Poppea* faster-moving, more nakedly affecting than any I have previously encountered. It was still not ideal: I live in hope of one day hearing an entirely Italian-speaking Monteverdi cast turn the notion of *recitar cantando* from studied imitation to full-coloured authenticity. Here that was most spontaneously demonstrated by the Italian Seneca (the noble Francesco Ellero d'Artegna), Cupid (the delightful Marinella Pennicchi) and Nurse (the countertenor Roberto Balconi), and the part-Italian Englishman Mark Tucker in minor roles.

But the beauty, clarity and prime forcefulness achieved by Sylvia McNair, exquisitely cool in the title role, Michael Chance (Otho), Anne Sofie von Otter (Octavia) and Bernarda Fink (who made Arnalta's lullaby the opera's still centre) were not at all far off the "real thing". Dana Hanchard, handsome of presence, a cultivated musician, proved a shade too clouded of timbre for a convincing soprano-pitch Nero. Catherine Bott's warm, spirited account of Drusilla was sometimes intonationally peccable. Those and other, minor cavils aside, this was an awesome, chastening occasion. What a terrifying opera *Poppea* is – musically ravishing, many-sided, lightning-direct, dramatically pitiless in its survey of human affections and human ambitions. DG Archiv is recording the show "live": for those unable to squeeze into the QEH, either on Wednesday or this coming Saturday, this will afford some small consolation.

Sponsored by PPP and BSIS

The 1993 ABSA awards

Yesterday at the National Theatre the Association for Business Sponsorship of the Arts held its annual prize giving, at which companies that had done their bit, and more, in helping the arts in 1993 picked up polished pieces of aluminium in recognition. Of course the awards are sponsored, by Arthur Andersen.

The fact that the Princess of Wales was making one of her diminishing public appearances was certainly a draw, but this is the occasion when hundreds of captains of industry mix with hundreds of arts administrators to mutual gratification.

The winners were: for British art overseas: Rover Deutschland, for backing the "Festival of Music from Great Britain" in Germany. For the commission of new art in any medium: Scottish Hydro-Electric, nominated by the Traverse Theatre. For corporate programme: Manchester Airport, friend of the Hallé, the Royal Exchange, Opera North, and more. For first time sponsor: Halifax Building Society, which supports Eureka! children's museum in Halifax. For *increasing access to the arts*: BP Chemicals, nominated by Sculpture at Margam. In recognition of long term commitment: W.H.Smith, sponsor of English Shakespeare Company, Glyndebourne, the Poetry Society, Rambert, and more. For a single project: Guinness Northern Ireland, for the Belfast Festival. For sponsorship by a small business: Robert Golden Pictures for helping Opera Circus. For youth: RTZ, ally of the Guildhall School of Music and Drama.

There are three other prizes. The Elf Award for the arts organisation making best use of sponsorship went to Book Trust (nominated by Forward Publishing) while the Arthur Andersen award for Business in the Arts adviser of the year was won by Lorraine Trainer of the London Stock Exchange for her work at Serpentine Gallery. The Times Critics Award went to the Donmar Warehouse.

Antony Thorncroft

INTERNATIONAL ARTS GUIDE

The Texaco-Metropolitan Opera radio broadcasts may be an institution in the United States, where they began in 1940, but they are only now becoming known in Europe. Thanks to satellite transmission, these live relays from the Met can be picked up on 25 European stations. Opera fans can enjoy some of today's best singing (not to mention the excellent Met orchestra), without having to watch the Met's inert stagings.

The time difference means the Saturday afternoon broadcasts from New York fit perfectly into the main evening slot in Europe. Judging by a handful of transmissions earlier this year, the quality of reception is excellent. The only pity is that the distinctive spoken introductions for the American audience have to be overlaid by local European announcers.

Tomorrow's transmission of Dvorak's Rusalka marks the start of a season of 20 operas. With a cast headed by Gabriela Benackova, the broadcast can be picked up on BBC Radio 3, Bavarian Radio, North German Radio and RIAS Berlin, as well as in the Netherlands, Italy, Portugal, Sweden, Iceland, the Czech Republic, Hungary, Poland, Slovenia and Russia.

The BBC, Netherlands Radio and Slovene Radio are taking the entire season, which includes Il barbiere di Siviglia starring Thomas Hampson on Christmas Day, Les Troyens on New Year's Day, I Lombardi with Pavarotti on January 15, Elektra with Hildegard Behrens on January 22, Death in Venice on February 26 and Otello with Domingo on April 2.

■ **EXHIBITIONS GUIDE**

AMSTERDAM

Rijksmuseum Dawn of the Golden Age, Northern Netherlandish Art 1580-1620: 350 works offering a magnificent survey of the period around 1600, from the dramatic paintings of Cornelis Cornelisz van Haarlem and Abraham Bloemaert to the more subtle portrayals of Pieter Lastman and Hendrick Avercamp. The exhibition, one of the Rijksmuseum's most ambitious ever, also includes prints and drawings by Hendrick Goltzius and Jacques de Gheyn, as well as silver, tapestries, glass, textiles and furniture. Ends March 6. Closed Mon

Van Gogh Museum Georges de Feure and Félix Bracquemond: retrospective of the Dutch Symbolist painter and the late 19th century French printmaker. Ends Feb 13. Daily

Stedelijk Museum Donald Judd: sculptures from Dutch public collections. Ends Jan 23. Daily

BARCELONA

Museu Picasso Picasso and the Bulls. Ends Jan 9. Closed Mon

Fundació la Caixa Portraits from the Court of Versailles. Ends Jan 30. Closed Mon (Centre Cultural, Passeig de Sant Joan)

BERLIN

Schloss Charlottenburg The First Europeans: artefacts of archaeological, scientific and artistic interest from eleven countries, painting a picture of early European civilisation. Ends Feb 18. Daily

Museum für Ostasiatische Kunst Early Chinese Bronzes from the Klingenberg Collection. Ends Jan 9. Closed Mon

Museum für Islamische Kunst Imaginary Animals in Islamic art. Ends Jan 31. Closed Mon and Tues

BONN

Kunst- und Ausstellungshalle Gerhard Richter (b1932): 100 works by the leading postmodern German artist. Ends Feb 13. Closed Mon

COLOGNE

Josef-Haubrich-Kunsthalle From Malevich to Kabakov: the Ludwig collection of 20th century Russian avant-garde art. Ends Jan 2. Daily

DESSAU

Bauhaus Bauhaus Artists: 200 paintings, drawings, prints and sculptures by the influential school which Walter Gropius founded in Weimar in 1919 and moved to Dessau in 1925. Ends Jan 30

FRANKFURT

Jahrhunderthalle Hoechst Giorgio Morandi: paintings, watercolours and drawings by the early 20th century Italian still-life painter. Ends Jan 23. Daily

Städel Rosso Fiorentino's Madonna with the Child John. Ends Jan 30. Closed Mon

KASSEL

Documenta-Halle Stalinist Art: a retrospective of 20th century Soviet art, on loan from Russian museums, and including many paintings not exhibited for 40 years. Ends Jan 30

LONDON

Victoria and Albert Museum Art of Holy Russia. Ends Jan 8. Daily

Accademia Italiana Renaissance Florence: The Age of Lorenzo the Magnificent 1449-92. Ends Jan 23. Daily

Tate Gallery Ben Nicholson. Ends Jan 9. Daily

Royal Academy of Arts Great Master Drawings from the Getty Museum. Ends Jan 23. Daily

British Museum Drawings from Chatsworth. Ends Jan 9. Daily

Hayward Gallery Roger Hilton. Ends Feb 6. Daily

National Portrait Gallery Thomas Eakins, 19th century American portraitist. Ends Jan 23. Daily

MADRID

Prado Goya: cabinet pictures, sketches and miniatures. Ends Feb 15.

Fundacio la Caixa J.M.W. Turner: drawings and watercolours from the Tate Gallery in London. Ends Jan 20. Closed Mon

Centro de Arte Reina Sofia Vienna 1900. Ends Jan 10. Agnes Martin retrospective. Ends Feb 12. Closed Tues

MANNHEIM

Reiss-Museum The World of the Maya: 300 examples of early Indian art from Central America before the Spanish conquest. Ends Jan 16. Closed Mon

MUNICH

Kunsthalle der Hypo-Kulturstiftung Winterland: 80 paintings by Norwegian painters of the 19th and 20th centuries. Ends Jan 16. Daily

Staatsgalerie moderner Kunst Etta and Otto Stangl Collection: 260 paintings Klee, Jawlensky and other 20th century German artists. Ends Feb 13. Closed Mon

Villa Stuck Franz von Stuck, Painter-Prince: more than 120 paintings, drawings and sculptures by the flamboyant Munich artist, who taught Kandinsky and Klee and painted Jugendstil-Symbolist portraits of woman as temptress. Ends Feb 6. Closed Mon

Lenbachhaus Ian Hamilton Finlay. Ends Jan 9. Closed Mon

Akademie der schönen Künste Henri Michaux (1899-1984): 130 paintings and drawings by the French poet and artist. Ends Jan 9. Closed Mon

Haus der Kunst Resistance: an examination of the artist's role in contemporary culture, with work by eleven artists from Germany, Russia and the United States. Ends Feb 20. Closed Mon

NEW YORK

Metropolitan Museum of Art Art of Medieval Spain. Ends March 13. Master Drawings of the Hudson River School. Ends Dec 26. Closed Mon

Guggenheim Museum Roy Lichtenstein. Ends Jan 16. The main museum is closed on Thurs, the SoHo site on Tues

Museum of Modern Art Joan Miro. Ends Jan 11. Robert Ryman. Ends Jan 4. Closed Wed

PARIS

Musée d'Orsay From Cézanne to Matisse: Masterworks from the Barnes Foundation. Ends Jan 2. Closed Mon, late opening Thurs (reservations: 4410 7300 or at Fnac shops)

Musée d'Art Moderne de la Ville de Paris Around a Masterwork of Matisse: the three monumental versions of the Dance ordered by Dr Barnes for the principal gallery of his foundation in Menon, Pennsylvania, are shown for the first time side by side, together with preparatory sketches and photographs. Ends March 6. Closed Mon (11 ave du President Wilson)

Louvre The newly-opened Richelieu wing completes the major part of a project to transform the former royal palace into the Grand Louvre, doubling previous exhibition space. It offers a dazzling setting for the collections of Islamic art, medieval art (including the Treasure from the Abbey of Saint-Denis), Rembrandts and Rubenses, and French paintings from the 15th to 17th centuries. Three covered courtyards provide the most dramatic innovation. Closed Tues

Versailles Versailles and the Royal Tables of Europe from the 17th to 19th centuries. Ends Feb 27. Closed Mon

ROME

Palazzo dei Conservatori Rediscovering Pompeii: 200 objects, many from recent excavations, including the re-creation of an entire room of one of the grandest villas. Ends Feb 12. Daily

Calcografia Antonio Canova and Engraving: new light is thrown on the Venetian sculptor, showing the importance he attached to the quality of the numerous engravings made of his sculptures. Ends Jan 6. Daily (Via della Stamperia 6)

ROTTERDAM

Museum Boymens-van Beuningen Italian Paintings 1300-1500. Ends Feb 27. Closed Mon

STUTTGART

Neue Staatsgalerie Henri Matisse: drawings and gouaches from the 1940s and 1950s, including the 158 drawings for the series Themes and Variations. Ends Feb 20. Closed Mon

VIENNA

Albertina French Drawings from Clouet to Brun: 150 works from the Albertina's collection of 16th and 17th century French art. Ends Jan 23. Daily

Jüdisches Museum Jewish Vienna: a cultural history of Jews in the city. Ends May 15. Song of Songs: abstract paintings by avant-garde German artist Heinz Mack based on motifs from the Song of Solomon. Ends Feb 13. Closed Sat

KunstHaus Joan Miro: 120 sculptures. Ends Jan 24. Daily

WASHINGTON

National Gallery of Art The Age of the Baroque in Portugal. Ends Feb 6. John James Audubon: Birds of America watercolours. Ends Jan 2. Cesarini Venus: Giambologna's marble masterpiece (c1583) is the centrepoint of an exhibition on the female nude. Ends Jan 17. Daily

Hirshhorn Museum Willem de Kooning. Ends Jan 9. Daily

Walters Art Gallery Artists of Ecouen. Ends Feb 6. Closed Mon

ZURICH

Kunsthaus Joseph Beuys. Ends Feb 20. Closed Mon

Respect for the elderly

Robert Graham assesses the influence of the independent Bank of Italy on its centenary

Antonio Fazio of Bank of Italy: keeps government at arm's length

Behind his desk, Mr Antonio Fazio, governor of the Bank of Italy, has placed an oil painting of the martyr Saint Sebastian being pierced by arrows.

Mr Fazio, who took over as governor six months ago, jokes: "It reminds me of all the agonising problems I face."

However, this week the 57-year-old expert in monetary theory is momentarily casting aside his problems to celebrate, along with some 40 other central bank governors, the centenary of the Bank of Italy.

The bank, which started life as a joint stock company and which only became the sole bank of issue in 1926, has reason to celebrate.

Its imposing structure in the heart of old Rome was conceived as the "stronghox of unified Italy". This is what it has been, and still is: the one institution in modern Italy to have preserved its dignity and reputation. Alone during the recent wave of corruption scandals, the bank has stood aloof and untainted.

In tribute to the bank's special status, Mr Carlo Azeglio Ciampi, governor for 13 years, was chosen as prime minister in May. He was accepted as the sole figure with the necessary authority and impartiality to govern Italy in a difficult period of political and economic transition.

Since the early 1980s, by agreement with the government, the bank has gradually divorced itself from the Treasury, so that today its independent status is similar to that of Germany's Bundesbank.

Today, both formally and legally the governor decides interest rates and is not obliged to underwrite the Treasury's financial needs. "Monetary financing of the treasury has been abolished, de facto since 1990 and by law just a few weeks ago," says Mr Fazio. The government, he insists, is at arm's length. "No representatives of the government participate in the bank's decisions on monetary policy, nor do these decision require formal ratification by the government."

The moves towards independence reflect the trend in European central banking. But in the Bank of Italy's case, independence also represented a deliberate distancing of itself from its role in the 1960s and 1970s under Mr Guido Carli (1960-75) and Mr Paolo Baffi (1975-79) when the bank acted as adviser to the government. Mr Carli in particular saw the bank as a clearing house for power struggles between members of the nation's ruling class, according to economic historian Prof Vera Zamagni.

The price of such influence was that the bank became the scapegoat in 1979 for a credit scandal in state industries which led to politically-inspired judicial prosecutions. Mr Baffi, the governor, and his deputy, Mr Mario Sarcinelli, were forced to resign. Although both men were subsequently exonerated in full, the incident bruised bank morale.

But if "divorce" from the treasury has brought independence, that has not necessarily been translated into greater authority outside the spheres of monetary policy and banking supervision. "It is by no means certain that independence is synonymous with influence," says one senior member of the bank.

During the last government of Mr Giulio Andreotti from 1989-92, the Bank of Italy had a free hand with monetary policy and ministers accepted its strict adherence to fixed exchange rates in the European exchange rate mechanism, despite protests from industrialists. Yet no amount of advice from Mr Ciampi about the public sector deficit and the increasing mountain of national debt had any effect on the politicians who controlled fiscal policy. As prime minister, Mr Andreotti never had a single formal meeting with Mr Ciampi in three years.

In contrast, first with the government of Mr Giuliano Amato and then with the Ciampi administration, the relationship has been both warmer and more constructive. Mr Fazio, for his part, has not been intimidated by the prospect of lecturing his former boss. The 1994 austerity budget, he recently told parliament, does not go far enough in attacking the deficit. This could well be a point of conflict with future governments.

Mr Fazio sees the bank as having a strong educative function in economic policy, using the full resources of its large research department. Arguebly this is the most important economic think tank in the country and working there has become a compulsory rite of passage for bank high fliers. The bank always housed a wide intellectual range and never discriminated against marxists. Today, the prevailing flavour may be monetarist but labels are disliked.

Mr Fazio is a devout Catholic who, for a central banker, is surprisingly open about his social conscience. He has been outspoken on unemployment. "The objectives of the Bank of Italy reflect the ultimate goal of defending the external and above all the internal value of the lira in a setting of orderly economic activity and growth. For Italy, in particular, this means defending the economically vulnerable and protecting savings," he says.

So far the new governor has had an easy ride on foreign exchange policy with the lira floating since September 1992. He is not prepared to hazard the future. "As regards the lira's floating, the problem is not so much deciding on the lira's re-entry into the ERM at some stage, as deciding what that mechanism is or should be."

Critics fault the bank for complacency over its own remarkable record that allows officials to live too much in an ivory tower, and not sufficiently attuned to the fast-moving world outside. The bank was, for instance, stung by criticism that it should have foreseen and prevented the collapse of the Ferruzzi empire, Italy's second biggest private company, because of the information on its central credit register.

But the bank has made an important contribution the development of modern Italy, especially after the second world war. And, as Italy now moves towards a general election early next year and the disappearance of an entire political system, an added burden falls on the bank to ensure financial stability and economic continuity.

The governor himself occupies a unique position in Italy being the sole institutional official not directly appointed by the government and whose term of office is indefinite. This means Mr Fazio could be the only institutional figure to span the full period of the transition: an uncomfortable position for the governor of the bank whose role in economic policy was described by his predecessor, Mr Carli, as like "driving a car with only an accelerator and a brake".

Joe Rogaly

On a wing and a prayer

The Church of England, established by law, gains no advantage in Heaven from its association with the Crown of the United Kingdom. I discerned this hy listening to Archbishop Trevor Huddleston, then Bishop of Masasi, some 30 years ago. His coocern, while we walked together in the hot African dust, was the salvation of mankind as an act of worship of God, not e free pass to visit the prime minister or the Queen.

Since those heady days I have been a consistent disestablishmentarian. The case for separating the British state from its official church is best argued on its merits. These have been considerable since ... let us say since attendance at public worship ceased to be compulsory. In a week in which parliament has ceded the sabbath to Mammon, by allowing virtually unrestricted shopping on the seventh day, the case seems overwhelming. Christian ayatollahs may have been in the ascendancy in a quasi-theocratic state when Queen Elizabeth I assumed the title of Supreme Governor of the church, hut that was nearly half e millennium ago. Queen Elizabeth II may well be the last to hold this purely nominal office.

None of the above has anything to do with the personal life of the Prince of Wales. That is an after-dinner topic – unavoidable, but not serious. It is a phase through which we must all pass before growing np. The national mind has been drugged by the ingestion of too many tabloids. Give me a lightly grilled sole, a little spinach and a Havana of reasonable purity and length, and after devouring the first two I'll puff on the third while competing in scurrility with everyona else. But that is an abuse of the spirit. Even a long-standing agnostic like myself cannot be proud of it. We should focus on the church.

First, let me clear eway one further, more fundamental, distraction. I have argued bere before that the British polity would be healthier if the formal apex of power was the will of the people, protected by a declaration in a written constitution. That would remove the opportunity open to the executive to abuse its authority by affecting to act on behalf of the monarch. Thus democratised, the head of state could continue to wear a crown, if that is what the populace wanted. This topic, like royal behaviour, should be detached from the thread of the argument about disestablishment.

Some members of the clergy register near panic at the prospect of being reduced to the status of priests in a minority Christian sect

Peuse a moment, to tick off what I hope is agreed so far. There is only one heir to the throne. He is Prince Charles. End of story, although not the end of gossip. There are many churches, mosques and synagogues in Britain; only one has been so bound by history in seductive ermine that it is unable to concentrate on its true religious function, for fear of disconnection from the political process. Some of its ministers register near panic at the prospect of being reduced to the status of priests in a minority Christian sect.

These long-standing fears must be felt all the more acutely et present. Financial mismanagement has diminished the Church of England's earthly riches, and obliged its parish clergy to scratch around ever more piteously for fresh sources of support. The decision to permit women to become priests has split the church. Some recalcitrants are running off to Rome while others stay behind in miserable defiance, or plain confusion. An explosive debate about disestablishment could damage this fragmented church beyond repair.

We disentanglers can wait. Granted, the present may not be an ideal moment. Yet the truth is that separation of church and state is proceeding in the usual English way: by fits and starts. The prime minister, acting on behalf of the Queen, eppoints the bishops – but does so from a short list prepared by the church. The House of Commons, in which heethens appear to be the majority, votes on matters such as the ordination of women – but follows the general synod of the church. The next monarch may he "defender of the faith" but not "supreme governor". It is progress, but we are still stuck with 26 Anglican bishops in the House of Lords.

None of this changes the essence of the case. That is best put as a question. At a time when many people, particularly young people, are searching longingly for spiritual guidance, what on earth are the Anglican disciples of Jesus Christ doing in their centuries-long embrace with the descendants of Caesar? Surely not merely preserving their position? It may be that in the coming century the vacuum left by the materialism of the 20th is filled by institutions other than tha Church of England. True believers, rising above institutional concerns, should welcome that.

A more enduring future may lie in store for the world-wide Anglican communion, whose member churches were founded by missionaries who risked their lives to preach the gospel, or by British settlers in what became the white Commonwealth, or by America's Episcopalians. There are Anglicans in India, and in Japan, and of course in the Church of the Province of South Africa. Most of the world's 70m Anglicans are black Africans. This international community would he strengthened if its mother church ceased to be part of the British state. The opposite view is expressed by Michael De-la-Noy, press officer to the archbishop of Canterbury in 1967-70. In his recent book, *The Church of England* (Simon & Schuster, £16.99), Mr De-la-Noy notes that establishment "provides links with the Foreign Office, so essential to the Church's dealings with governments overseas". He must be right about the institution, but could be wrong about its purpose.

It would be naive to insist that that purpose, which is in essence to sustain a transcendental view of the universe, can only be served by volunteers uniting in worship. The influence of both Islam and Christianity was expanded hy the sword. Crusades – and, we must hope, *jihads* – are, however, a thing of the past. The task, for some exalted individual, some doctrine, some institution is to find 21st century ways of keeping human faith alive. Lambeth Palace, which sits across the Thames in mock-equilibrium with the Palace of Westminster, does not seem a likely source of such inspiration. The original 12 disciples would have found the link incomprehensible. The C of E should float free. It might then save itself and – who knows? – some of the rest of us.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be cleadly typed and not hand written. Please set fax for finest resolution

Power: real costs of gas and pool prices

From Mr Anthony Baker

Sir, May I be allowed to moderate your editorial comment ("Breaking the power duopoly", December 7) that coal-fired power stations "have higher running costs than nuclear or gas-fired stations".

Once a gas-fired plant has been built and 15-year gas purchase contracts have been entered into on a take-or-pay basis, the *avoidable* running costs of a gas station may well be less, particularly where a coal station has been forced off the base-load duty for which it was designed. The electricity consumer, however, will undoubtedly pay for the *complete* costs of building and running of the gas-fired station, which, as your editorial implies, simply adds to the "massive overcapacity" in the industry.

Moreover, the real costs of nuclear are still shrouded in mystery and provide grounds for much debate.

The running costs of at least some of the old Magnox stations may well be higher than those of some coal-fired stations, unless we all accept that long-term contracts (currently unsigned) between two state-owned industries (Nuclear Electric and British Nuclear Fuels) accurately reflect the underlying cost structure.

Your editorial shows your awareness of the complexity of the power generation issues: it would be a pity if your comment about running costs was accepted without qualification.

Anthony Baker,
head of economics,
British Coal Corporation,
Hobart House,
Grosvenor Place,
London SW1X 7AE

From Mr David Porter.

Sir, Your leader, "Breaking the power duopoly", discussed a number of options but it appeared to favour referring National Power and PowerGen to the Monopolies Commission. The justification was based on the popular assumption that prices in the electricity pool are too high.

Pool prices are not high. In 1990, at less than 2p per unit, they were absurdly low and my association told your newspaper that unrealistic prices would damage the emergence of competition. Today, still far below 3p, they are at best barely adequate. The pool price may not be a perfect market price but it is vitally important for every company that makes and sells electricity. Producers must have a reasonable rate of return to stay in business.

As for the concern that there may be too much generating capacity, for consumers that is not a problem, but a comfort. There can be little doubt they like electricity to be plentiful, reliable and reasonably priced. Most have fared well since privatisation, as the regulator, Professor Littlechild, stated in his annual report in May.

Britain has a generating industry which in many respects is leading the world. Producers large and small are investing increasingly in clean and efficient electricity production. I doubt whether many of them would regard an MMC referral as helpful to themselves or to the industry's millions of customers.

David Porter,
chief executive,
Association of Independent Electricity Producers,
41 Whitehall,
London SW1A 2BX

Free markets better than political intervention

From Phillip Oppenheim MP.

Sir, Joe Rogaly might be correct in assuming unfettered and unregulated free trade may have some disadvantages in the baby milk market ("Sour milk and apple pie", December 7). But, leaving aside the argument that European mothers are capable of making their own choices without being nannied by politicians, are not trade barriers also responsible for many problems?

According to the World Bank, richer countries' trade restraints against products from poorer ones cost the latter more than they receive in aid. European quotas on Japanese cars effectively prevent the import of small, low-cost, economical and low-pollution micro-cars of the type which foreign producers make. European Agricultural Policy pushes up food prices in a way which disproportionately hits poorer people. Britain's protection of the indigenous coal industry has exacerbated air pollution and harmed peoples' health.

The point is that while free markets may not produce perfect outcomes, they tend to be a great deal less imperfect than intervention by politicians, however well-meaning.

Phillip Oppenheim,
House of Commons,
Westminster, London SW1

United as in Mexican

From Mr Leonard S Hyman.

Sir, As a writer for the Times of Finance in the United British Kingdom, Observer ("Dos mio", December 6) should know that the official name of Mexico, Estados Unidos Mexicanos, is translated correctly as United Mexican States, not United States of Mexico.

So, Mexicans have little reason to worry about confusion with the colossus to the north, except among English reporters who have trouble distinguishing adjectives from nouns.

If you are trying to fathom Mexican feeling about the US, why don't you quote Porfirio Dias instead of the wimps who worry about what's in a name?

Leonard Hyman,
first vice president,
Merrill Lynch,
World Financial Center,
North Tower,
New York, NY 10281-1320,
US

French approach to driving through EU rules

From Mr Anthony Dunn.

Sir, While a student at London Business School, I recently completed an assessment of the French market for company operated cars. Government pressure in the early 1980s to buy French and a tax system which heavily favours domestic products leads 80 per cent of French companies to buy only French vehicles. In the leasing market, the proportion reaches 95 per cent. The comparable UK figure is about 4 per cent.

As for European Union rules governing state purchases, most French stata organisations contacted expressed little interest in even considering foreign products. As the French appear to view free trade as distinctly one-dimensional and EU rules as there to be ignored, just how far should wa go in pandering to the attempted blackmail of France's protectionist demands in the current General Agreement on Tariffs and Trade negotiations?

Incidentally, am I alone in being unable to recall vigorous French protests at the jobs to be created by that wicked American cultural import (sic) of Euro Disney?

Anthony Dunn,
17 Kings Keep,
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Putney London SW15 6RA

Why the west must support the role of women in Russian politics

From Ms Lesley Abdela.

Sir, Your correspondent, Leyle Boulton, writing on women in Russian politics ("Few ladies in red", December 4/5), highlights a truly critical factor the British and other western governments should be taking seriously and putting money into – namely, the manner in which women throughout the former Soviet Union and satellites are being shoved out of politics and civic life to a really startling degree.

Over the past year I have been putting on workshops for women would-be politicians in central Europe from Bucharest and Budapest and Brno and Warsaw to Prague, for Harvard University's Project Liberty. A fortnight agn we put on a two-day workshop in Prague on "handling the press and media in the post-totalitarian era". Our workshop presenters included Gemma Hussey, former Irish cabinet minister, Bernadette Vallely, director of tha Women's Environmental Network, Dr Jara Moserova, a Czech MP and former Czech ambassador to Australia, the BBC's impressive local "stringer", Zdena Tomin, and me, as the founder of the all-party 300 Group for women in politics and public life in the UK.

The weekend was incredibly successful. We need to repeat such events at least six times a year in each of the central and eastern European countries. But it is harder for Project Liberty (because, I presume, we are energising, educating and training women for democracy) to get decent funding than the proverbial chimera to prod a western government in the place it matters – the pocket not the rhetoric.

How come we can subsidise tobacco growing in regions where they would be far better off growing food crops for under-nourished populations, yet Project Liberty and the marvellous resources it can call on from trainers in the UK and the Irish Republic and US has to look like it is begging?

Without women taking a full civic role in central and eastern Europe we and our children will have a thousand Bosnias to watch on television for decades to come.

Lesley Abdela,
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FINANCIAL TIMES

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Friday December 10 1993

Reform boost for Whitehall

The UK government has been subjected to mounting criticism over its programme of civil service reform. Numbers of civil servants have been rising, the market-testing programme has made disappointing progress, and measures to open top jobs to outsiders have been watered down. Some critics have concluded that reforms have been undermined by the opposition of senior Whitehall mandarins and ministerial weakness.

Yesterday's announcement that the government is stepping up the pace of privatising executive agencies is therefore welcome. Over 90 agencies have now been established, delivering a wide range of services from the payment of benefits to the registration of patents. Another 44 candidates have been identified, and by the end of 1995, four out of five civil servants will be in agencies. The creation of agencies has been a success story, with improvements in service and a new focus on the job to be done. But it has become an end in itself which has preserved largely intact the Whitehall machine.

Many agencies perform functions which could be privatised, such as the payment of wages and scientific research. Others could be put under commercial management in the same way as the Atomic Weapons Establishment at Aldermaston. In local government, public services are routinely provided by the private sector – even in sensitive areas such as the collection of council tax and the payment of benefits. A greater use of private provision in central government could provide similar benefits in efficiency and quality of service.

Civil service departments are supposed to examine alternatives such as privatisation and contracting out before each agency is established and at regular intervals thereafter. In only one case so far has the outcome been privatisation. The message coming out of the Cabinet Office yesterday is that the examination of alternatives will henceforth be more rigorous. Departments will be required to consider privatising agencies much more thoroughly before renewing their mandates. More important, companies which think they could take over agency activities or manage them more effectively are to be encouraged to bring forward their proposals. The premium will be on innovation and value added, rather than on simply taking over the existing civil service organisation and making it work better.

Whether this initiative produces the potential benefits will still depend on the enthusiasm of top mandarins for radical change. They may remain reluctant to cede parts of their empires to the private sector. However, the freeze on civil service running costs imposed in the Budget should encourage a new realism in Whitehall's top echelons. Permanent secretaries now face a period in which scope for pay rises will depend entirely on their ability to find efficiency savings. With "more for less" the rule for the next three years, the civil service will find the help of the private sector essential.

Dumping Gatt

The US has consistently told its partners in the Uruguay Round that it would rather reach no agreement at all than reach a bad agreement. Yet as the negotiations reach their climax in Geneva, it is beginning to look as if a bad agreement is exactly what is in prospect – thanks, ironically, to a barrage of last-minute demands by the American administration.

For all the progress made by the US and European Union in settling their differences in recent days, it is a stiff enough challenge to produce a universally acceptable agreement by the deadline of December 15. Now the task looks like being further complicated by controversy over Washington's insistence on a significant weakening of multilateral restraints on its ability to impose anti-dumping duties. More than that: if the other Gatt parties bow to the US demands, they might vitiate many of the gains that the Uruguay Round was supposed to yield.

Anti-dumping actions – against imports alleged to be sold at below cost – are a poison eating away at the liberal trading system, and the US has long been the principal, though by no means the only, culprit. The calculations by which goods are found to have been dumped are often highly questionable, and dumping actions are less often a just redress than a particularly insidious form of protectionism. One of the more laudable features of the Gatt text now being finalised – the so-called Dunkel draft – was its attempt to tighten the rules regulating how anti-dumping actions could be brought.

What the US seems intent on is a wholesale reversal of that effort. Not only has it demanded the abandonment or dilution of all the Dunkel restrictions; it has made further proposals that would actually make it easier for aggrieved parties – including trade unions – to bring anti-dumping actions. To avoid the perceived danger of circumvention, it wants the power to impose duties on "like goods" from third countries without further investigation. It wants to be able to impose duties indefinitely, rather than having to prove dumping afresh after five years. It rejects rules allowing exporters to charge below-cost prices for a limited start-up period. It objects to Gatt panels re-evaluating evidence in anti-dumping cases.

Small wonder that many exporting nations who feel victimised by existing US rules are up in arms. If its proposals were implemented to the letter, the already easy task of "proving" dumping would be rendered almost automatic, thus producing the mercantile equivalent of a witch hunt. And where the US led, others – especially the EU, under pressure from France to stiffen its own anti-dumping regime – would follow.

Rather than undermining the potential achievements of the Round, the US should be taking the lead in curbing anti-dumping. If it presses its current demands, it risks being held responsible either for failure or for an agreement that would be a lot less worthwhile.

Euro-plugs

Lord Young, when trade and industry secretary, remarked that Europe would truly have one market when it used one electric plug. Now that just such an idea is under study in Brussels, it is turning out to be less straightforward than it seemed. With Labour party support, UK plugmakers are out to scotch proposals for a standard Euro-plug, claiming it would be dangerous and would eventually require £20bn to be spent re-wiring homes throughout Britain.

But British readers should pause before complaining to their MPs about another piece of Euro-lunacy. There are practical advantages to harmonisation. The European Commission estimates that scale economies would enable Euro-plugs to be made for only one tenth the cost of the moulded plastic plugs which UK law will soon require electrical equipment manufacturers to fit to their products in the factory.

There would be further savings for electrical equipment makers, which have already standardised many of their products and are increasingly concentrating European production in fewer plants. Their freedom to match supply to demand would be increased if they no longer had to juggle with 20 different plug standards. Meanwhile, cross-border shoppers would be spared the chore and safety risk of changing plugs on electrical products when they get them home.

The issue is not the desirability of this nirvana, but the difficulty of attaining it. Since fitting suitable Euro-sockets would be practical only in new houses or when re-wiring existing ones, the changeover would be lengthy. If new products were wired to Euro-plugs as standard, they would require special adaptors to work in existing sockets. With Labour's support, UK plugmakers say it would also be unsafe, as consumers would be tempted to stick Euro-plugs directly into British sockets.

How real that risk would be is debatable. It does not appear to apply to the 18m foreign tourists who visit Britain every year. Like many of the plugmakers' arguments, it smacks of special pleading. Rather than welcoming harmonisation as an opportunity to sell throughout Europe, they seem more concerned with the threat it poses to their existing markets, where the UK standard has limited competition.

Nonetheless, the affair poses a genuine conundrum. Harmonisation makes sense in a Europe where crossing national frontiers is becoming increasingly routine for both individuals and businesses. Yet, experience suggests that attempts to standardise banal but highly visible items such as plugs often provoke the fiercest popular resentment about bureaucratic meddling from the centre. In such cases, the challenge for proponents of standardisation is to mount a persuasive case that inevitable short-term dislocation is outweighed by the benefits, many of which may only be realised over the longer term.

Recent cases and an independent review are putting pressure on the UK's Serious Fraud Office, says **John Mason**

The untouchables in the spotlight

The outcry over the community service order imposed on Mr Roger Levitt, the self-confessed City of London fraudster, has thrown the credibility of the UK's Serious Fraud Office back under an uncomfortable spotlight.

This is not the first bad publicity for the SFO. However, the latest criticism has come at a sensitive time, as the first independent review of the SFO's operations, expected to lead to a widespread shake-up, gets under way.

The inquiry, by a senior Treasury official, will assess the performance and "value for money" of both the SFO and the division of the Crown Prosecution Service which also handles fraud cases. At stake is whether the scale of the SFO's work and budget should be extended by taking over some fraud cases now handled by the CPS – a move that would appeal to some ministers.

After the review, the SFO could be turned into an executive agency with the CPS, along the lines of the Benefits Agency or the Employment Service. This might increase the flexibility of its management, but could raise a question over the lack of direct parliamentary accountability through the attorney-general.

At issue in the current review is the SFO's ability to prosecute successfully the largest cases of fraud and to maintain effective internal management controls.

Recent adverse media comment over failed prosecutions has struck at its reputation. "It is important from the point of view of the City and the general public that people believe that fraudsters are convicted and punished appropriately. I suspect that is not the public perception at the moment," says Mr Paul Phippen, a partner with City law firm Macfarlanes, who has experience of dealing with the SFO.

One important episode that tainted its image was its admission that it mishandled legally privileged documents belonging to the former chairman of Polly Peck, Mr Asil Nadir, which ended up in the hands of his prosecutors. The discovery was not only embarrassing to the SFO, but could compromise any trial of the fugitive businessman.

Whether the Nadir case reflects administrative error or worse is being investigated by the SFO internally. However, such incidents cause unease. Is the SFO, set up five years ago by the government to tackle fraud cases that had proved impenetrable for the police or Department of Trade and Industry, achieving its aims?

The office, with an annual budget of £21m, was given unique powers to investigate fraud under Section Two of the Criminal Justice Act 1988. A multi-disciplinary internal structure was put in place, intended to bring lawyers, accountants and police officers together as a team, pooling their talents.

But disappointment followed initial high expectations. At the heart of the SFO's difficulties lies its inability to find a general strategy that works in court – a central part of its original brief. Its conviction rate has risen steadily to 71 per cent. However, this has resulted largely from a tactical switch to an increasing use of plea-bargaining. This stems from an SFO desire, first, to emulate the swift and pragmatic practices of America's financial securities industry watchdog, the Securities and Exchange Commission, and second, to minimise damage to the office's public face.

So there have been more guilty pleas to lesser offences, where a conviction is more likely but where sentences have been lighter. Several offenders, such as Mr Terry Ramsden, the former City dealer in Japanese stocks, have received suspended sentences, after pleading to reduced charges.

Mr Levitt pleaded guilty to a charge that represented only a small part of the SFO's case. The SFO was thus left open to the criticism that, as one involved lawyer said, it had "bottled out" – a charge that has proved particularly wounding. Some observers believe it would be better for the office to be seen to fight and lose than to appear to cave in.

But plea bargaining has not been the only flaw in the SFO's approach. It foundered at first by mounting prosecutions that were too large, notably the 1991 Blue Arrow trial of seven prominent City advisers accused of manipulating the stock market. Overturning four convictions, the Court of Appeal attacked the year-long trial.

Keeping proceedings short and sharp, as commentators urged, did not prove more successful. The final Guinness trial, of US lawyer Mr Thomas Ward, which lasted just three weeks and never touched upon the share-support operation at the centre of the 1986 Distillers takeover scandal, was a failure for the SFO. Mr Ward was acquitted.

Mr Phippen, commenting on such cases, said: "The SFO appears to be left in an uncertain state as to its strategy." The loss of authority has had damaging consequences, he added. "Defence lawyers need to feel that there are serious risks for their clients in fighting SFO prosecutions. At the moment, most defence lawyers are optimistic that, if they keep fighting, they will get a result in the end."

However, many barristers agree that the SFO faces several problems not of its own making. Few High Court judges have enough experience of criminal trials and juries to try complex fraud cases properly, they argue. Lawyers support the growing calls from the bar for a formal plea-bargaining system to be set up to ensure fairer – at times less lenient – sentencing.

Despite their partial support, many lawyers join some police in pointing to the weakness of the SFO's multi-disciplinary structure. In the Polly Peck case, for instance, complaints about a breakdown of teamwork were vociferous. "The atmosphere became so bad that lawyers weren't talking to the police and there were no regular conferences," says one insider. "We were facing a 'them and us' atmosphere when we were meant to be working on the same teams."

Mr George Staple, the SFO director, acknowledges that "in some cases teamwork does work better than in others", and remains convinced that the basic principle is sound.

One constant criticism levelled by outsiders concerns the quality of the SFO's permanent staff of 20 senior lawyers – "the talent problem", as one criminal solicitor in private practice puts it. "George has a problem," he says. "If we hire someone who turns out to be no good, we can fire them. All George can do is resort to the traditional civil service solution of sidelining them."

Mr Staple insists the general level of ability inside the Office is high. Those inside the SFO point out that the accountants and barristers called in to advise include some undeniably heavyweight names.

The SFO can point to some successes. First, the three-pronged organisation appears to work effectively in its use of accountants, as the investigations into the collapsed Bank of Credit and Commerce International and Mr Ramsden indicate. City of London police admit that, before the SFO was set up, budget constraints would have meant far fewer accountants being used. Without such back-up, investigations would have been less intensive and prosecutions on a smaller scale.

Second, the removal of a suspect's right to silence under Section Two of the Criminal Justice Act 1988 has led to more guilty pleas at an early stage, prosecution and defence lawyers agree. Parallel powers enabling the SFO to seize documents have also permitted banks to co-operate with investigators because their obligations to respect client confidentiality have been overridden.

Despite its far-reaching legal weapons, only the expansion of the SFO would give it the "critical mass" needed to carry out its tasks efficiently, Mr Staple believes. He would probably welcome a recommendation by the review that the SFO take over the largest Crown Prosecution Service cases.

The other main option under review is to bring the SFO into the CPS to operate as a "discrete unit" – thus avoiding the administrative problems of having two bodies.

Whether either development would alleviate public worries is unclear. What is certain is that the final report, to be passed to the attorney-general in February, will not be published, so there will be little opportunity to debate its findings. Nor will its contents have any impact on the SFO's greatest public test – the trial of Robert Maxwell's two sons and four others over the disappearance of millions of pounds in pension funds, scheduled for next autumn.

More jobs, the same interest rates

PERSONAL VIEW

European governments can stimulate demand and increase employment even if German interest rates remain high. Any country can increase spending on business equipment and construction without reducing interest rates and therefore without the possible inflationary consequences of currency devaluation that might accompany lower interest rates. Moreover, such a stimulus need not increase the budget deficit and national debt.

The key to stimulating capital investment is an investment tax credit (ITC) financed by higher taxes on business profits. An ITC is easy to implement and is effective as a stimulus to investment. The US has used an ITC to stimulate investment on several occasions and a substantial amount of research has shown it to be quite effective.

The simplest form of ITC reduces a business's tax liability by a percentage of the firm's spending on eligible investment. For example, with a 10 per cent investment tax credit a company that spends FFr1m on eligible investment reduces its tax obligation by FFr100,000. Eligible investment could be defined narrowly (eg, restricting it to equipment) or broadly (including all construction). Taken by itself, an ITC would reduce the government's tax revenue and increase the budget deficit. But it could be financed by a higher tax on business profits without reducing its effectiveness.

Although a typical business might pay the same total tax as it would without the ITC, the shift in the structure of the tax system would provide a strong incentive to spend more on new investment. The increased corporate tax is essentially a tax on profits of prior investments while the ITC is a subsidy for new investment.

Indeed, an ITC's impact on a company's incentive to invest is very similar to the effect of lower interest rates. Either change makes prospective investments more profitable: the ITC reduces the initial cost of the investment, and the lower interest rates reduce the annual cost of servicing the debt. The ITC rate could be set to provide the same effect on the profitability of investments as an interest rate reduction of, say, 2 percentage points.

By using an ITC, each government can tailor its policy of stimulating interest-sensitive spending to its own domestic circumstances. The acrimonious debates about easing German monetary policy in order to serve the needs of other European countries would become unnecessary. Because of reunification, the German situation is different from the situation in other countries.

The shift in the structure of the tax system would provide an incentive to spend more on investment

Even if it were not, German citizens and the Bundesbank are entitled to pursue a more vigorous anti-inflation policy than others if that is what they want to do.

I have emphasised the feasibility of substituting an ITC for a reduction of interest rates because of the manifest distaste of several European governments for lowering interest rates and for the accompanying decline in the currency value. But such a substitution is not satisfactory when the country has a trade deficit as well as a demand deficiency at home. When the country's external account is in balance, though, an ITC has the advantage of providing a domestic stimulus without weakening the demand of foreign countries and without imposing a trade deficit on the country's trading partners.

One technical point should be noted. An ITC, like any fiscal stimulus, will only be effective if it is not offset by higher interest rates and an associated currency appreciation. A country that adopts an ITC should therefore adjust its monetary policy to maintain unchanged short-term interest rates.

There is finally the more fundamental question of whether European governments should try to deal with the unemployment problem by increasing demand. It seems clear that most of the dramatic rise in European unemployment rates over the past two decades cannot be attributed to a lack of demand. Reducing that unemployment requires greater flexibility in the level and structure of employee compensation. Any attempt to reduce the unemployment rate by demand stimulus alone would lead to an explosive increase in wages.

Nevertheless, some stimulus to demand may be warranted. Countries differ and the amount of stimulus that is right for one may not be right for another. To the extent that increasing aggregate demand is warranted, an investment tax credit financed by an increase in other taxes can be a desirable alternative to a reduction in interest rates.

Martin Feldstein

The author is professor of economics, Harvard University, and president of the National Bureau of Economic Research

OBSERVER

Hook, line and stinker

■ The latest row bugging John Major's cabinet is at least about a down-to-earth issue. Board of trade president Michael Heseltine and treasury chief secretary Michael Portillo have been baiting each other with letters about maggots.

The wrigglies that fishermen impale on their hooks have been reeled into affairs of state by Hezza the prezza's approval of the National Rivers Authority's suggestion that post offices be allowed to sell anglers' fishing licences. He thought the idea fully in line with the government's commitment to deregulation, as did environment secretary John Gummer.

Then up popped Portillo with a letter to Heseltine objecting that the proposal would undercut the trade of the fishing-tackle shops where anglers now buy their licences along with rods, lines, maggots and the like. For some obscure reason the chief secretary's commitment to economic liberalism does not extend to breaking the monopoly of tackle shops.

The prezza seethed, especially since he prides himself on being one of the few members of the cabinet who has ever bought a fishing licence. Back went a stinker of a letter informing Portillo that the licence is an annual purchase. Maggots must be bought weekly.

Whereas tackle shops might be threatened if post offices sold maggots and such, Heseltine adds, that is hardly in prospect. Hence "get your hook off my line and let me get on with running my department".

Blarney stoned

■ Tight-lipped officials involved in the drafting of the planned joint declaration by London and Dublin on Northern Ireland have started referring to their period of enforced silence as "O'Purdah".

Leave it out

■ Today's celebration of the construction of the Channel tunnel would not be complete without an unseemly squabble about how best to celebrate. Observer hears that the contractors had been given the green light to hire a train to take a party of revellers (including British Rail chairman Sir Bob Reid) non-stop from Victoria to the partying on the French side.

All seemed to be going swimmingly at first. BR's InterCity had promised a luxury express and was confident that its driver could find his way through the tunnel.

However, when the powers that be at BR heard what was happening, word came back down the line that the revellers would have to make an unscheduled stop

'I didn't know the gun was loaded – and it's a trivial detail anyway'

at Folkestone and change trains. There are no technical reasons for the disruption. Probably something to do with the wrong sort of publicity, rather than the wrong sort of snow.

Uphill task

■ Who says the Brits revile the notion of a common European currency? A small group from north London has even commenced lobbying the Bank of England, EU embassies, and the European Commission with a design for the Ecu coin.

The "Campaign for Benny Hill's head on the Ecu" advances the dead British comic as "the perfect popular non-political continental personality to grace the face of the Ecu". His having sent up a number of his fellow Europeans by dressing up in lederhosen and so forth somehow makes him a "poignant and intelligent choice" for the Ecu.

Founder campaigner John Hulme admits the idea was born at a "slightly tipsy moment". But the Danish embassy, at least, seems to like it.

Those convinced that Benny Hill is their man should contact the campaign at 42 Hawthorn Avenue, London N13 4JT, telephone or fax 081-886 8951.

Lines drawn

■ It's been known for some time that the Royal Academy was looking for an architect to front its bid to take over the adjacent Museum of Mankind, which falls vacant in 1996, and turn it into a Museum of Architecture. So the smart money was always on the next president of the Royal Academy being an architect.

Few surprises then that Sir Philip Dowson has been tapped to succeed Sir Roger de Grey as president of the Royal Academy. He is an architect, as was his close rival for the presidency, Colin Wilson. But whereas Wilson will be remembered for the unloved new British Library, Sir Philip, one of the founders of Ove Arup, was responsible for the admired Broadgate development in the City.

He has one other advantage. At 69 he is an excellent time-filler until the more flamboyant artists who aspire to be president, such as Allen Jones and Tom Phillips, calm down a bit.

Not gilty

■ Have the fertile minds from the new issues department of Morgan Stanley International come up with the "dog" of the year?

Observer ran the office slide-rule over yesterday's issue of sterling-denominated zero coupon perpetual bonds. They don't pay interest; there is no repayment of principal; there is no listing. A question as to whether the bank would be making a market in the paper after the offer closes in mid-January merely elicited a giggle. No wonder the underwriting group is taking no fees.

P.S. The issuers milking the market on the tightest terms of the year are the Samaritans, Relate, and the Depaul Trust. The yield is "a warm feeling" over Libor (WFOL). Paid semi-annually or monthly? The offer telex doesn't divulge.

Dr Acula?

■ How does the vampire doctor summon his patients?

"Necks!"

FINANCIAL TIMES
Friday December 10 1993

Attorney-general Reno backs gun licence plan

By George Graham in Washington

Support is building in the US for a national system for registering and licensing guns.

Attorney-general Janet Reno, who has been asked by President Bill Clinton to study the proposal, said yesterday she strongly favoured a licensing test to show that individuals can safely and lawfully use a gun.

"I think it should be at least as hard to get a licence to possess a gun as it is to drive an automobile," Ms Reno said.

A taskforce of mayors and city police chiefs also backed gun registration in a meeting yesterday with Mr Clinton to discuss crime and violence. Support for tougher controls on firearms cuts across party lines, and the suggestion for compulsory registration was made to Mr Clinton by Mr Rudolf Giuliani, the Republican mayor-elect of New York, and Mr Richard Riordan, the Republican mayor of Los Angeles.

Mr Clinton has not taken a firm position on the idea of registration, but he said yesterday that he believed the US was now ready to act on violent crime. "We have to move and I think we are prepared to move," he said.

The mayors' taskforce also called for a ban on the manufacture, sale or possession of all semi-automatic assault weapons and their components, much higher taxes on firearms and ammunition and much stiffer controls on gun dealers.

In addition, the mayors asked for extra federal money to pay for more police officers, the prosecution of violent juvenile offenders as adults and mandatory minimum sentences for all repeat drug sale convictions. They warned, however, that such measures were only short-term.

"In our view, lasting solutions lie in Washington's willingness to view affordable housing as a weapon to fight crime, to view child care, job training, recreation programs, community development and transportation to jobs as weapons to fight crime," Mr Jerry Abramson, mayor of Louisville and president of the US Conference of Mayors, told Mr Clinton.

Yesterday's White House meeting followed the killing of five people and wounding of 18 others by a gunman with a grudge on a New York train on Tuesday.

At least 38 people have been killed in the US so far this year in 11 similar attacks, where a gunman with a grudge has opened fire at random.

Proposals for compulsory gun registration have already aroused fierce opposition from gun lobbies such as the National Rifle Association. While the NRA has traditionally opposed even the most modest forms of restriction on gun ownership, registration is a particular anathema to the 3.3m-strong organisation's core supporters.

Public pressure for tougher action to curb gun violence, however, has not dissipated with the passage by Congress last month of a law requiring handgun buyers to wait five days while their backgrounds are checked. Rather, the passage of the Brady bill after seven years of argument has released the energies of gun control campaigners to work on other measures.

Pre-poll boost for Russian fascists

By Leyla Boulton in Moscow

Russia's neo-fascist party could become the second largest faction in the parliament to be elected on Sunday, according to a survey by one of Russia's more authoritative pollsters.

A poll by the All-Russian Centre for Public Opinion Research, which cannot be published inside Russia in the week before elections, gave Mr Vladimir Zhirinovsky's Liberal Democratic party 14 per cent support among those who have decided how they will vote.

Mr Zhirinovsky's party is anything but liberal-democratic, promising to conquer Russia's neighbours, including Turkey, in order to gain access to warm-water ports. Domestically, he is offering Russians who feel impoverished and humiliated an alternative to the Communists of the discredited past and to the various democratic parties who are promising market reforms with varying degrees of pain.

The poll puts the extreme nationalist leader behind Russia's Choice, headed by deputy prime minister Yegor Gaidar, with 22.3 per cent support.

It coincided with warnings last night of "a new round of struggle and new conflicts" from President Boris Yeltsin if Russians failed to support the constitution, which would give him sweeping powers, in a referendum, also on Sunday.

However, Mr Sergei Yushenkov, the deputy head of the federal information centre and an organiser of Russia's Choice, said that even if Mr Zhirinovsky did well, Mr Yeltsin would be free to choose whatever government he pleased.

Although Russian polls tend to be less reliable than their western counterparts, the survey indicates how effective Mr Zhirinovsky's homespun campaign has been in exploiting the weariness of Russian voters with their present rulers and their distaste for the Communist past.

Mr Gaidar said earlier this week that he feared the new State Duma would be as difficult as the old Supreme Soviet dissolved by Mr Yeltsin. Yesterday, he said such results would confirm his warnings of the dangers of Russian democrats who put personal ambition ahead of the country's interests.

The poll puts Mr Grigory Yavlinsky's reformist Yabloko bloc third with 13.6 per cent, followed by the conservative Democratic Party of Russia and the Communists with 7.8 per cent and 7.7 per cent respectively.

The poll, of 1,200 respondents in Russian cities, excluded the 20.6 per cent of voters who were still undecided, and the 12 per cent who were determined not to vote. Nor did it explore opinion in the countryside, which accounts for 25 per cent of the population.

Russian nightmares, Page 3

THE LEX COLUMN

VW's economy drive

Despite Volkswsgen's persistent protestations that it would break even in 1993, the market long suspected there would be plenty of red ink. VW recently admitted as much, and yesterday raised the estimated loss to DM2.3bn. Being ahead of official pronouncements is one reason why the shares were unmoved by the news. Keeping VW's equity at a high for the year might be justified because the outlook for 1994 is more favourable.

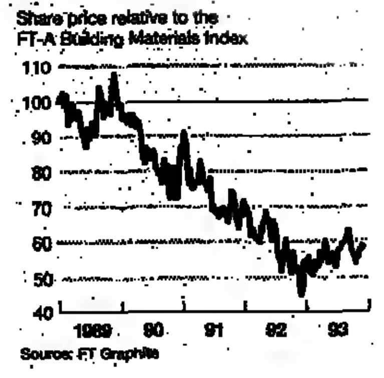
Still, an improved operating performance will come entirely from cost cutting, as European car sales are unlikely to increase next year. Germany and Italy, VW's biggest markets, will probably be among the poorer performers. The strong D-Mark is also e disadvantage for German car makers in export markets where devaluation has sparked some recovery.

Retrenchment is yielding lower component and labour costs, but VW's need to standardise components will take years to implement fully. Short-time working st the main Wolfsburg site is presented by Mr Piëch, VW's chairman, as cheaper than incurring high redundancy costs. Yet that only serves to emphasise the tightness of his straitjacket. Few believe that all of the 30,000 workers moving to a four-day week will be needed full time once the cyclical upturn comes. Perhaps Mr Piëch is a shrewd judge who knows the limits to painful change, and thinks that to make yet more workers redundant would be to lose all co-operation. He may equally have side-stepped the difficult decision needed to put Wolfsburg on a viable long-term footing. At present the market seems content to ignore the more worrying signs and give Mr Piëch the benefit of the doubt.

FT-SE Index: ????.? (-25.0)

Pilkington

Share price relative to the FT-A Building Materials Index



Source: FT Graphite

Pilkington

It has taken a frustratingly long time to achievs, but Pilkington appears at last to be getting a real grip on its business. A further £30m of cost savings in the first half has helped reinforce an encouraging productivity trend. The sale of the Sola spectacle lens business, netting some £200m, has now cut gearing to a more manageable 67 per cent. And, following a squeeze on working capital, Pilkington even promises to become marginally casb positive this year – for the first time since 1989. The doubling of interim pre-tax profits represents the first tangible fruits of such developments.

It would even be tempting to grow quite excited about Pilkington's prospects if the company could replicate its US performance in Europe. A combinstion of price rises, volume improvements and cost reductions resulted in US operating profits leaping from £2m to £15m, highlighting the wonders of operational gearing. Greater sales of higher added value glasses further gilded the profits rebound. The trouble is Europe shows few signs of following the same pattern in the immediate future. Severe over-capacity still undermines Pilkington's attempts to tickle prices higher in the UK. Despite recovering demand in the UK and the resilience of the German building industry, saies remain desperately weak. Moreover, Volkswagen's continuing assault on costs threatens a further downward spiral in automotivs glass prices. Pilkington's shareholders must retain their extraordinary patience.

North West Water

North West chose a sensitive moment to part company with Mr Bob Thian, the chief executive who left unexpectedly a fortnight ago. With the regulator poised to set price limits for the second half of the decade, and a portfolio of international contracts now stretching from Malaysia to Mexico, a firm hand on tbe tiller would be comforting. This is all the more so since North West's process engineering side has taken a turn for the worse. Without the benefit of foreign exchange, turnover in this area was lower in the first half and operating profits halved. After interest payments on the £140m cost of acquisitions, ths business will do well to cover its costs this year.

North West may prove more adept at operating water treatment plants overseas than managing US engineering companies. Tbe risk capital involved in such projects is also modest compared with the cost of acquisitions. Having raised equity through May's enhanced scrip dividend to pay for such investment, though, the onus is on North West to prove that it can earn a decent rate of return. The tax credit which boosted earnings in the first half was a direct benefit of the scrip, but will not be felt again.

If North West can avoid trouble overseas, the more immediate risks lie with the regulated water business. Efforts to scale back capital expenditure plans should allow it to live with a lower price cap and probably lessen the risk of a rights issue. Even so, with capital expenditure of around £500m a year for the next 10 years, North West badly needs e favourable settlement with the regulstor.

LIG

Having iavished much time and money on building up its photo-processing business, London International Group has concluded thet its disposal is now essential. That complete reversal of strategy highlights the financial depths to whicb LIG has sunk following its unexpected £5m half-year loss. With increased borrowings of £154m supported on shareholders' funds of just £109m, LIG badly needs to raise money. The additional cash costs of its drastic rationalisation programme will have to be funded from selling toiletries brands.

LIG's plight has been compounded by the alarming deterioration iu its health and personsl products business, where operating profits have slumped from £16.1m to £3.5m. But it now transpires that the comparable half-year's figures were boosted by special factors not previously disclosed. The devaluation of the pound created a £3m windfall profits gain on foreign currency boldings. LIG also booked £2m from the release of surplus provisions. It seems astonishing LIG did not reveal such important factors at the time.

The more prudent accounting practices now adopted would bave depressed last year's profits by a further £2m. But even so, it is hard to comprebend the severe slide in tbe division's underlying profits on 3 per cent higher sales. The 20 per cent fall in LIG's sbares yesterday was a rather muted response.

Japan's economy forecast to contract 0.4% next fiscal year

By Robert Thomson in Tokyo

Japan's economy will contract by 0.4 per cent next fiscal year, according to the Nomura Research Institute, which blamed the expected shrinkage on a continuing fall in corporate earnings and capital spending in coming months.

The gloomy forecast by the leading private research institute was followed by s Daiwa Research Institute prediction that Japanese corporate profits will fall for the fifth successive term in the year from April.

Responding to indications of a deepening downturn, leaders of Japan's coalition government said yesterday that preparations for a package to stimulate the economy were likely to begin next week, when a supplementary budget is expected to end its passage through parliament.

Meanwhile, Mr Gaishi Hiraiwa, chairman of the Keidanren, the leading business grouping, said the government should stimulate the property market to assist banks attempting to clear away their mountain of bad property loans.

The NRI forecast for next year was based on the presumption that the government will introduce another spending package and cut taxes, and that the official discount rate will be reduced from the present record low of 1.75 per cent to 1 per cent by the Bank of Japan.

In the current year to March, NRI expects the economy will contract by 1.1 per cent, and it can see no signs of the recovery officially expected to arrive in the first few months of next year.

For next fiscal year, the institute forecasts that private consumption will grow 0.7 per cent, against an expected 0.1 per cent decline this year, and that industrial production will slip 3.2 per cent compared with a 4.7 per cent fall this year.

Daiwa Research Institute said consumer and capital spending levels had remained lower than generally expected in recent months, and pre-tax corporate profits would fall by an average 25.6 per cent this fiscal year and another 8.8 per cent next year.

The institute said many manufacturers would have difficulty clearing inventories next year, although it expected an upturn in sales for the automotive and electronics industries. It said profits would rise in only four of 33 industrial sectors and materials suppliers would bs under the most pressure.

Syria returns to peace talks

Continued from Page 1

However, Mr Nabil Shaath, bead of the Palestinian negotiating team witb Israel, said that "major differences" remained.

Mr Arafat and Mr Yitzbak Rabin, the Israeli prime minister, would are to bold an unscbeduled meeting in Cairo on Sunday in an attempt to bridge outstanding differences.

The urgency of meeting Monday's deadline for withdrawal wes underlined by continuing violence in tbe occupied territories.

Row over shipping

Continued from Page 1

mark and Greece, as well as the Nordic countries.

The EU says it will witbdraw its own offer on maritime services, whicb is conditional on a "critical mass" of otber countries also liberalising tbeir sbipping sectors, if Washington does not put a better deal on the table.

Trade officials fear tbat if one key services sector is "carved out" of the Uruguay Round liberalisation package, otbers will follow. The EU has already served notice tbat, despite its partial agreement with the US in Brussels on Monday, it may not be able to resist Frencb pressure to keep the sensitive audiovisual sector out of the round.

Trade diplomats are also critical of Washington's stand on financial services, where tbe US is proposing to grant unrestricted access to its banking and securities market only to countries providing full access to the US financial services industry. This is "effectively wrecking the negotiations," an EU official said yesterday.

However, a rumpus over a US demand to be able to treat foreign companies differently from US companies for tax purposes is expected to be settled today.

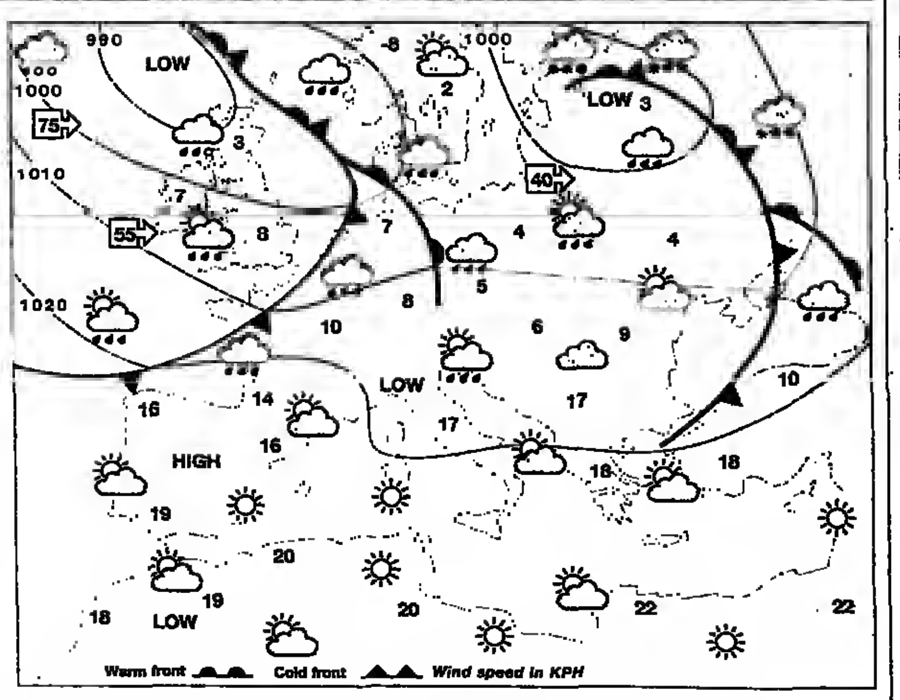
FT WEATHER GUIDE

Europe today

Most of northern and western Europe will be unsettled. A depression between iceland and Scotland will maintain a strong westerly flow from the Atlantic into the continent. A frontal disturbance over North Sea countries will trigger rain over the Low Countries and parts of Germany and France. Breaks in the cloud will alternate with showers over the British Isles. It will be cloudy with outbreaks of rain along the northern coast of Spain and central France. Sunny periods are expected south of the Pyrenees and the Alps. Abundant sunshine will occur over the Mediterranean. Another disturbance will cause rain and sleet from Moscow towards the Black Sea. It will remain wintry over Scandinavia with some snow flurries in the north.

Five-day forecast

High-level winds from the west will gradually become north-westerly, allowing the Arctic air mass over the north Atlantic to flow south. There will be an increasing risk of snow or sleet over the North Sea and surrounding countries. Temperatures will fall to near freezing after the weekend. There will be a lot of rain or snow from the Alpine countries to the former Yugoslavia.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	28
Accra	fair	32
Algiers	sun	20
Amsterdam	shower	8
Athens	fair	19
B. Aires	fair	31
B.ham	fair	6
Bangkok	fair	31
Barcelona	fair	16
Beijing	fair	5
Belfast	hail	8
Belgrade	fair	8
Berlin	drzzl	5
Bermuda	fair	23
Bogota	shower	19
Bombay	sun	33
Brussels	rain	10
Budapest	cloudy	9
C.hagen	cloudy	4
Cairo	sun	22
Cape Town	fair	22
Caracas	fair	26
Cardiff	shower	8
Chicago	shower	8
Cologne	cloudy	9
D' Salaam	fair	30
Dakar	fair	26
Dallas	fair	23
Delhi	sun	28
Dubai	sun	29
Dublin	hail	6
Dubrovnik	fair	15
Edinburgh	cloudy	4
Faro	fair	18
Frankfurt	cloudy	8
Geneva	drzzl	8
Gibraltar	fair	18
Glasgow	sleet	4
Hamburg	rain	6
Helsinki	cloudy	-3
Hong Kong	cloudy	21
Honolulu	fair	28
Istanbul	drzzl	13
Jersey	rain	10
Karachi	sun	32
Kuwait	sun	23
L. Angeles	fair	19
Las Palmas	fair	21
Lima	cloudy	23
Lisbon	cloudy	16
London	shower	9
Lux.bourg	rain	8
Lyon	cloudy	7
Madeira	cloudy	18
Madrid	fair	12
Majorca	sun	18
Malta	sun	20
Manchester	shower	7
Manila	shower	28
Melbourne	sun	32
Mexico City	fair	21
Miami	fair	28
Milan	fog	7
Montreal	rain	8
Moscow	snow	-3
Munich	cloudy	6
Nairobi	fair	23
Naples	fair	17
Nassau	fair	27
New York	cloudy	14
Nice	fair	15
Nicosia	fair	19
Oslo	cloudy	-5
Paris	rain	12
Perth	fair	20
Prague	drzzl	6
Rangoon	fair	33
Reykjavik	snow	-2
Rio	thund	28
Riyadh	fair	23
Rome	fair	17
S. Frsco	cloudy	18
Seoul	fair	2
Singapore	rain	30
Stockholm	fair	-3
Strasbourg	cloudy	9
Sydney	fair	24
Tangier	fair	21
Tel Aviv	sun	19
Tokyo	rain	12
Toronto	rain	8
Tunis	sun	22
Vancouver	rain	11
Venice	hazy	7
Vienna	cloudy	8
Warsaw	shower	4
Washington	rain	13
Wellington	fair	20
Winnipeg	snow	-7
Zurich	cloudy	9

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

AT&T sells its stake in Cir

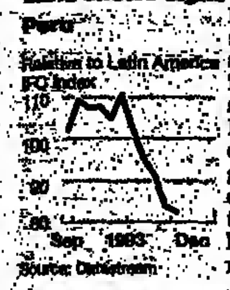
One of the longest, but ultimately least fruitful, cross-border partnerships in high technology has been wound down after the sale by AT&T of its remaining share in Mr Carlo De Benedetti's Cir holding company. Page 16

Wide range from Canadian banks
Canada's big banks have produced a wide range of results in their latest fiscal year. Return on equity ranged from 2.4 per cent to 14.4 per cent. Page 17

Travelling hopefully in China
Two Hong Kong merchant bankers have spent months travelling to remote parts of China to examine motor components factories. A fund has been launched recently to invest in production of Chinese car parts. Page 18

India seeks more energy
India plans to expand its oil refining and petrochemicals industries to modernise its economy. Page 24

Lima shows signs of maturity



Lima's small but turbulent stock market looks set for a period of calm, when investors can expect fewer sleepless night. The Lima Bourse is showing signs of greater maturity. Its general shares index put on 70 per cent in 1993, even though 23 per cent was knocked off values last month. Back Page

GUS moves ahead on four fronts
Great Universal Stores, the UK mail order, retail, financial services and property group which recently enfranchised its shareholders, reported a 9.4 per cent increase in interim pre-tax profits, based on higher trading profits in all four main trading divisions. Page 20

Christian Salvesen flat
Shares in Christian Salvesen fell 17p to 331p yesterday after the international distribution, specialist hire and food services group reported flat interim profits. Page 20

Seeboard warms
Seeboard, the electricity distributor for the south-east of England outside London, yesterday warmed the London market. Page 21

Hartstone suffers
Hartstone Group, the UK hosiery and leathergoods company which is in refinancing talks after breaching banking covenants this summer, suffered a sharp drop in pre-tax profits. Page 21

Dry year hurts Scottish Hydro
Scottish Hydro-Electric's 12 per cent profits rise follows low rainfall which restricted its ability to generate hydro electric power. Page 22

Property back in favour
Several private UK property companies are in discussions for a London Stock Exchange listing in the new year with a potential total market value of about £1bn ($1.49bn) Page 22

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Bayer Vorzugs	579	+	10.5
Dresdner Bank	457.5	+	9.7
RWE Pf	414	+	8.2
Siemens	748.5	+	11.1
Thyssen	254	+	8.1
Falls			
Metallgesellschaft	351	-	9.5

NEW YORK ($)

Rises			
[illegible]	91¼	+	1½
[illegible]	37⅝	+	1
Falls			
[illegible]	9	-	7
[illegible]	81	-	2¾
Motorola	92¼	-	1¾
GIC	43⅛	-	1⅛

New York prices at 12.30.

PARIS (FFr)

Rises			
Eridania B-Say	677	+	29
Legris	196.4	+	5.8
Vallourec	207	+	7.1
Falls			
Club Med	333	-	12.5
Pechiney Int	198	-	10.4
Thomson CSF	180	-	5.9

TOKYO (Yen)

Rises			
[illegible]	870	+	80
Fuji Spinning	364	+	34
[illegible]	275	+	28
Koyo Seiko	609	+	29
[illegible]	1330	+	100
Orient Corp	703	+	65

LONDON (Pence)

Rises			
BBA	198	+	7
[illegible]	24	+	4
[illegible]	102	+	8
Hartstone	42	+	8
[illegible]	108	+	27
Perry Grp	198	+	18
Pilkington	168	+	11
[illegible]	254	+	17
[illegible]	27	+	4
[illegible]	140	+	9
[illegible]	575	-	48
Falls			
Enterprise Comp	33½	-	3
[illegible]	380	-	30
Eve Grp	430	-	53
Feedback	88	-	14
Fine Art	538	-	18
LASMO	100	-	6
London Intl	111	-	28
Powerscreen	272	-	31
Salvesen (C)	331	-	17
Signet	15¼	-	2¾
[illegible]	56	-	10

Metals group to cut foreign stakes

By David Waller in Frankfurt and Nikki Tait in Sydney

Metallgesellschaft, the loss-making Frankfurt-based mining, metals and industrial conglomerate which earlier this week averted a liquidity crisis by reaching agreement with its bankers, is to reduce two of its more substantial foreign shareholdings.

Metallgesellschaft has sold the bulk of its indirectly owned 14 per cent stake in Brisbane-based MIM Holdings for A$250m (US$163m), and is intending to sell 11.6m directly owned shares in Metall Mining Corporation, a Canadian mining group, for C$124.7m (US$94m), reducing its holding to 50.1 per cent.

Separately, Metallgesellschaft and Deutsche Bank denied a report that Mr Heinz Schimmelbusch, Metallgesellschaft's chief executive, had come under the surveillance of a specially created committee of senior managers. This was alleged to have been formed last month at the initiative of Mr Ronaldo Schmitz, the Deutsche Bank director who is chairman of the Metallgesellschaft supervisory board, but Deutsche said the report was groundless.

The Frankfurt group said the sales of the shareholdings were unconnected with its liquidity and were planned before it went into negotiations last Friday with Deutsche and Dresdner Bank.

News of the talks prompted a 12 per cent fall in Metallgesellschaft's share price on Monday but the price has recovered much of the losses following the group's insistence – backed by its bankers – that its liquidity problems are temporary, caused by technical aspects of futures contracts to hedge US oil deliveries.

The proceeds of the sale of the 11.6m shares in Metall Mining Corp will flow directly to the German parent company, but the money raised in Australia on Wednesday via the sale of 100m shares in MIM Holdings will remain with Metall Mining through which Metallgesellschaft owns the stake. But the immediate proceeds would be invested in the Canadian company's copper activities, Mr Klaus Zeitler, the company's chief executive said yesterday.

The 100m shares in the Australian company were sold to institutions by stockbrokers at A$2.35 each; Metall Mining has in addition sold call options on its remaining 75m shares for a further A$16.5m. Metallgesellschaft's 11.6 shares in Metall Mining are to be sold in Canada via a prospectus offering.

Nova deal, Page 17

Heinz Schimmelbusch: group denies he is under surveillance

VW forecasts bigger loss

By Christopher Parkes in Frankfurt

Volkswagen, the German carmaker, expects to lose DM2.3bn ($1.4bn) this year, some DM300m more than the company forecast two weeks ago. However, it aims to break even in 1994, according to Mr Ferdinand Piëch, chairman.

The turning point at the German parent, Volkswagen AG, had already been reached, he said yesterday, predicting 1993 net earnings of between DM60m and DM80m – around 50 per cent lower than last time.

Mr Piëch attributed the "improvement" at the parent, which was reported as losing DM768m after nine months, to the delayed arrival of dividend payments from successful subsidiaries. These included Autolatina in Brazil, which has benefited from a 37 per cent rise – to 440,000 cars – in Latin American deliveries, and the Shanghai plant, which contributed to a 46 per cent rise in Chinese sales to 132,000 units.

The VW AG result, be suggested, would allow the company to pay an unchanged DM2 dividend.

Group turnover for 1993 would fall 10 per cent to DM77bn, well short of the expected DM80bn on which Mr Piëch based his summer predictions of a break-even result. Full-year sales at the parent were likely to be 19 per cent lower at DM43bn. Group deliveries would drop 12 per cent to 3.1m vehicles. These had been hit by a 21.6 per cent fall in western Europe, where VW said it retained its market lead despite a one percentage point drop in market share to 16.5 per cent.

Mr Piëch based his predictions for the new year on assumptions of unchanged volumes and enhanced profitability and productivity. He claimed group costs had fallen DM6bn this year.

Cost-saving measures include the shedding of 23,000 jobs worldwide and reduced prices for bought-in components. Capital investment was also reduced by 40 per cent to about DM5bn. Medium-term plans allow for further cuts, including a standstill on building and extension work at the company's new factory at Mosel in eastern Germany.

Further savings are expected from the closure of a Barcelona factory owned by VW's Seat subsidiary, which will remove some 9,000 more workers from the payroll, and the planned introduction of a so-called four-day week in six German factories. However, negotiations over the Spanish closure are deadlocked, and Mr Piëch has demanded a solution before the end of next week.

Despite talks on shorter working hours in Germany, it is becoming apparent that annual savings will be less than the DM1.8bn expected, and that the 28.8-hour working week is only a stop-gap. Mr Piëch said yesterday a return to 35-hour working was "hardly likely" after the planned two-year agreement had expired.

Lex, Page 14,
World stock markets, Back page

NEC to put Y7bn in Groupe Bull

By Michiyo Nakamoto in Tokyo and John Ridding in Paris

NEC, the Japanese electronics company, said yesterday it would invest Y7bn ($64.5m) in Groupe Bull as part of a recapitalisation of France's loss-making state-owned computer manufacturer.

The investment, which will add to the FFr8.6bn ($1.46bn) pledged by the French government and France Telecom, will maintain NEC's stake in Bull at 4.43 per cent. The two companies said they would expand co-operation in computers, electronic components and communications.

The Japanese company said it was essential to maintain its relationship with Bull if it was to continue developing its business in Europe. "Bull is an important strategic partner," said one NEC official.

The French company is an important customer for NEC's memory chips, of which it buys about Y1bn worth annually. It also buys liquid crystal displays and application-specific integrated circuits (Asics) from the Japanese company.

The two companies have co-operated on the development of mainframe computers, particularly for the business market.

According to the agreement outlined yesterday, Bull and NEC will extend their collaboration in both hardware and software, as well as in mainframes and personal computers. NEC will continue to supply Bull with liquid crystal displays, Asics and dynamic random access memory chips. Bull will help market NEC's products in Europe.

For Bull, yesterday's announcement is the second significant development since Mr Jean-Marie Descarpentries took over as chairman in October. His task is to restore the computer group to profitability and prepare it for privatisation. Bull is one of the 21 publicly owned companies slated for sale by the centre-right government of Mr Edouard Balladur.

The injection of fresh capital, however, is critical to the company's recovery. Accumulated losses over the past three years amount to almost FFr15bn ($256.8m), and the group's debts are estimated at about FFr10bn.

NEC's decision means all but one of Bull's principal shareholders have agreed to support the capital increase. IBM of the US, which owns 5.6 per cent of Bull, has not yet decided.

Richard Tomkins on United Airlines' negotiations with its workers

A deal to trade shares for reform hangs in the air

This year United Airlines overtook American Airlines as the biggest US carrier in terms of passenger miles flown. In the third quarter, it reported a leap in net income from $6m to $149m. It is sitting on a cash mountain of $2bn. Surely it must be the happiest airline in the business?

Actually, no: it is in trouble. Its third-quarter profit was largely due to windfall gains from a slump in jet fuel prices, and fell far short of producing an acceptable margin on revenue of $4bn. Mr Stephen Wolf, chairman and chief executive, has said that UAL will still report a loss for the fourth quarter and the year as a whole.

Worse, the company is failing to fend off growing competition from low-cost carriers such as Southwest Airlines, which are encroaching on its markets and driving down fares.

Surely United must be the happiest airline in the business?

Any other airline company in such difficulties would look vulnerable to a takeover. United is no exception. In United's case, however, it is not a competing airline that is bidding to take over the company, but the carrier's own employees.

For months, United's management has been conducting on-off talks with its labour unions over a deal to secure the company's future. This week the negotiations entered what appeared to be a make-or-break phase as the two sides met again to discuss a deal that could give union members up to 60 per cent of the company's equity in return for billions of dollars' worth of labour concessions. The company's market capitalisation is about $3.7bn.

The two sides have been driven together out of a mutual recognition that United has little future in its present form. Small carriers offering no-frills services are turning domestic air travel into a low-margin commodity business in the US, and the larger carriers must cut costs to survive.

United wants to respond by setting up a low-cost subsidiary to take over its short-haul domestic services. But that would mean shedding thousands of jobs, cutting wages and benefits and increasing productivity through changes in work rules.

With both sides anxious to avoid a potentially ruinous strike, the airline and its unions bave been seeking a deal that would allow employees to take the net present value of the stream of earnings flowing from their labour concessions and trade it for shares in the company – a path already trodden at Northwest Airlines, where employees own 37.5 per cent of the equity, and Trans World Airlines, where they own 45 per cent.

Leaked details of the negotiations suggest the unions want 60 per cent of a recapitalised United Airlines in return for a package made up mainly of labour concessions. It would also comprise loan notes. They value the package at $5.5bn, but United says it is worth less. The company is believed to have made a counter-offer of a 50.1 per cent stake in return for an improved package from the workers, with an arrangement for the employee stake to rise to 60 per cent if certain performance criteria are met.

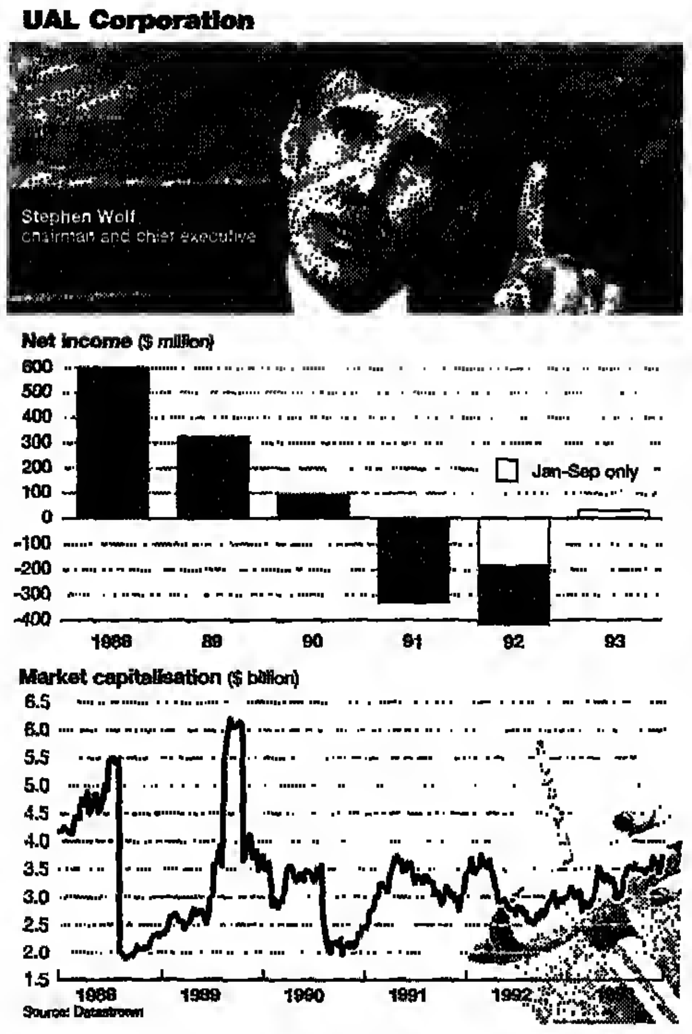
One reason why the talks have dragged on is thet it is hard to inject a sense of urgency into them at a time when United appears to be in financial health. Significantly, the deals at Northwest and TWA were done only when the airlines were on the brink of collapse.

But the pressure is building up. United has threatened to pull out of short-haul domestic flights and to shrink the business down to a profitable core if it does not get a deal with the unions soon. Last month it showed it meant what it said by agreeing the sale of its flight kitchens business, employing 5,200 people.

This week the talks took a new turn with the arrival of a powerful intermediary: Mr Felix Rohatyn of Lazard Frères, the Wall Street investment bank. Mr Rohatyn is a respected deal maker who played a key role in saving the city of New York from bankruptcy in the mid-1970s. Earlier this year he served alongside Mr John Peterpaul, chief negotiator for United's machinists' union, on President Clinton's national airline commission.

Hopes ere high that Mr Rohatyn will achieve the break-through that all parties desire. If he fails, United will unilaterally embark on a contraction of its business that will cut thousands of jobs from its 86,000 total. Nobody knows quite how the unions will respond, but they are unlikely to take it lying down.

UAL Corporation



Source: Datastream

Early signs of recovery help Pilkington double its profit

By Maggie Urry

Pilkington, the UK glass maker, has made the most of a glimmer of recovery in some of its markets by doubling pre-tax profits from £15.1m to £30.5m ($45.4m), in the half-year to end-September.

The company suffered badly in the recession with annual profits plunging from £302m in 1990 to £41m in 1993. But yesterday Sir Anthony Pilkington, chairman, said "things are moving in the right direction." The group's shares rose 11p to 168p.

Sir Anthony remained cautious. He warned, for instance, that short-time working at Ford and Nissan car plants in the UK would affect the second half.

The interim dividend was cut from 2.93p to 1.5p. The group said this was to restore balance, after two cuts to the second payout.

Although Pilkington's largest subsidiary, the German glass-maker Flachglas, has been exposed to a 20 per cent downturn in German car production, continued strength in the housing market kept Flachglas in profit in the half year.

Continental Europe was still worsening, Pilkington said, while the UK was showing early signs of recovery. Results were improving in the US and were good in the southern hemisphere, including Latin America and Australia.

Results from Libbey-Owens-Ford in North America showed how a rise in volumes could lead to firmer prices and sharply higher profits. Volumes to automotive manufacturers rose 6 per cent, to the replacement windscreen market 13 per cent and to the residential market 14 per cent. Operating profits from the US rose six-fold from £2.5m to £15.4m on sales 28.5 per cent higher at £341.3m.

Group borrowings rose to £1.02bn from £932m at the previous year-end, following the £95m acquisition of Heywood Williams' glass division, giving gearing of 87 per cent. However, since the end of the half-year, Pilkington has received £200m in cash from the sale of Sola, its spectacle lens business, which also added £56m to shareholders' funds, and cut gearing to 67 per cent. An exceptional profit of £38m will be seen in the second half.

The group is aiming to bring gearing below 50 per cent by 1995. Further disposals are expected, but not in the second half.

Mr Andrew Robb, finance director, said cashflow had been marginally positive before capital expenditure and acquisitions. Mr Roger Leverton, chief executive, said the group should be cash positive for the year for the first time since 1989.

Details, Page 21; Lex, Page 14

INTERNATIONAL COMPANIES AND FINANCE

Interim losses prompt restructuring at LIG

By Maggie Urry in London

London International Group surprised the market yesterday with interim losses, warnings of "very substantial" restructuring charges, plans to sell large parts of the business, a passed dividend and a proposed capital reconstruction. Mr Alan Wolts, non-executive chairman, is to resign once a replacement is found, probably by the financial year-end in March.

The shares slumped to 95p initially before recovering to 111p, a loss of 28p on the day. They have fallen from a year's high of 272p in January. The results followed a profit warning and the resignation of Mr Tony Butterworth, chief executive, in September.

Yesterday Mr Nick Hodges, new chief executive, said: "We are aware of the criticisms of the group over the non-delivery of promises. We intend to start a new era at LIG."

He added that the new management team, which includes Mr James Tyrell as finance director, had "only got one chance" to sort out the group's problems, but he was sure it could be returned to an acceptable level of profitability.

A strategic review of the business had already been carried out, and LIG had decided to sell its ColourCare photo-processing division and some of its health and beauty brands. It would concentrate on its "thin film technology" products, notably condoms, surgeons' and specialist gloves. It would build on global brands such as Durex condoms and Biogel surgeons' gloves.

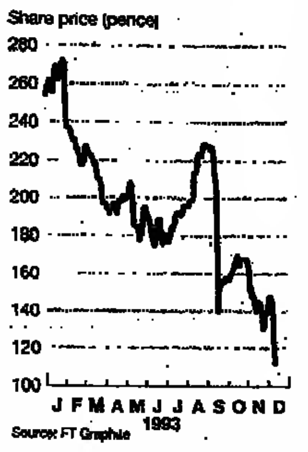
There would also be further rationalisation, and 2,000 of the 7,000 jobs in the health and personal products division would go worldwide.

Analysts said they could not predict full-year figures because of the exceptional charges of these moves which could run into "tens of millions", one said.

The half-year showed a pre-tax loss of £5.1m ($7.59m) compared with a profit of £15.5m. Net debt had risen from £127.7m on March 31 to £153.9m on September 30. Shareholders' funds were £109.4m and there were £53.9m of intangible assets on the balance sheet.

Mr Hodges said a rights issue was not necessary, as disposals should raise "a substantial sum". He said the group was not breaching covenants on its loans, and had the full support of its banks.

London International Group



Source: FT Graphite

Provision news hits Pechiney share price

By John Ridding in Paris

Shares in Pechiney International, the French packaging company, fell sharply yesterday following Wednesday's announcement that it would take a provision of up to $75m to cover the purchase of excessive amounts of metals at unfavourable prices. The shares closed down FFr10.4 at FFr198.

The company, a subsidiary of Pechiney, the state-owned aluminium producer slated for privatisation, said it would still record significant profits this year. It planned to maintain its 1993 dividend at the FFr5 per share paid last year.

The provision was taken largely to cover long-term purchases of aluminium, mainly by American National Can (ANC), the company's US subsidiary. Pechiney said ANC had agreed forward purchases of the metal for 1993, 1994 and 1995 on the basis of prices of about $1,400 a tonne. Prices have fallen to below $1,300 since the contracts were agreed in the first half of the year.

Pechiney said the price conditions were "likely to result in an exceptional expense". It said the expense could reach a net charge of $75m, although this could be reduced through financial management measures to be taken soon.

Ironically, Pechiney's group results have suffered from the fall in the aluminium prices, a result of cheap imports from eastern Europe and the republics of the former Soviet Union.

However, Pechiney's aluminium plants are principally in Europe, and ANC buys the metals it uses for packaging on the US market.

Correction

Swiss banks

Postbank, the German bank, has recently opened three investment funds co-managed by Union Bank of Switzerland. The co-manager was incorrectly reported in the Financial Times on Wednesday as Swiss Bank Corporation.

AT&T sells final stake in Cir

By Haig Simonian in Milan

One of the longest, but ultimately least fruitful, cross-border partnerships in high technology has been wound down after the sale by AT&T of its remaining share in Mr Carlo De Benedetti's Cir holding company.

AT&T has placed 54.75m Cir shares, representing 10.1 per cent of the ordinary share capital, with a group of unidentified financial intermediaries. The transaction, at L1,398 a share, followed a gradual reduction in its stake earlier this year.

By late July, AT&T informed Italy's stock market authorities it had sold about 7 per cent of its Cir stock.

Yesterday's transaction was at a 5 per cent discount to the L1,477 closing price of Cir's ordinary shares on the Milan bourse on Tuesday, before Wednesday's national holiday, when the market was closed. As with the July transaction, the deal coincided with a period of relative strength for Cir stock, which has risen sharply from depressed levels in early 1993.

AT&T had for some time indicated it considered the Cir stake as a purely financial investment, with no industrial overtones. The biggest asset of Cir, in which the De Benedetti family is the main shareholder, is a large stake in Italy's loss-making Olivetti computers group.

The sale eliminates the last link between AT&T and companies associated with Mr De Benedetti after almost 10 years of high – and then unfulfilled – expectations. AT&T first invested in Olivetti in April 1984, when it bought 100m ordinary shares, representing about 21.8 per cent of the group, for L430bn ($257.5m).

Under the deal, AT&T acquired almost 500,000 Olivetti personal computers during the mid-1980s, allowing the Italian company substantial economies of scale. The US presence also allowed Olivetti researchers access to AT&T's famous Bell Laboratories, and reinforced the Italian group's financial standing.

The advantages for AT&T, which has taken a substantial loss on its investment, were always less obvious. One observer suggested yesterday the link gave the US company its first taste of international collaboration. It may even have helped to create the understanding of the computers industry that eventually led to AT&T's acquisition of NCR.

With hopes for a high-tech partnership between a US company – then exclusively in telecommunications – and Olivetti never reaching fruition, AT&T in October 1989 swapped its Olivetti stock for 17.1 per cent of Cir.

The investment has not been particularly successful in view of the recession and trading problems at Cir, which has been forced into loss owing to the difficulties at Olivetti. After indicating its desire to sell its shares, AT&T reached agreement with Mr De Benedetti on a broad timetable for disposal until mid-1994.

The sale should help Cir's share price by removing an element of uncertainty, in view of the publicity given to AT&T plans to sell its stake.

Investors may still be concerned, however, that the stake is being held by various brokers, pending a longer-term placing.

Swiss telecom sacks chief executive

By Ian Rodger in Zurich

Ascom, the troubled Swiss telecommunications equipment maker, yesterday sacked its chief executive, Mr Leonardo Vannotti, and announced the latest in a long series of divisional restructurings.

Ascom was formed in 1987 when three suppliers to the Swiss PTT merged. It has been struggling ever since to unify the three companies and to develop a strategy to cope with liberalised telecommunications markets.

Mr Vannotti, a highly-rated Swiss manager, became chief executive at the beginning of 1991. He had previously held senior positions with ABB-Asea Brown Boveri and Mr Stephan Schmidheiny's Unotec group.

He scored an early coup, acquiring Timeplex, a leading US supplier of corporate telecoms networks, enabling Ascom to increase its non-Swiss business rapidly.

However, in the past few months, the combination of recession and weak links in the onrporate structure proved his undoing.

In April, Ascom shocked investors hy announcing it would incur a 1992 net loss of SFr46m ($31.4m) and pass its dividend. Days earlier, it had forecast a profit of around SFr25m.

Mr Vannotti took full responsibility, but rashly predicted a return to profit this year. That forecast came back to haunt him in August when the group reported a loss of SFr79m in the first half and admitted it would face a "marked loss" in the full year.

Ascom bearer shares have been falling virtually ever since the merger, when they were worth about SFr8,000, and yesterday closed at SFr1,180, up SFr95 in advanca of the announcement.

Directors said Mr Fred Sutter, deputy chief executive, would succeed Mr Vannotti, and they have formed a committee to direct the group during its restructuring phase.

Analysts said managing Ascom was made difficult by the interventionist policy of the Hasler Werke foundation, which holds 54 per cent of the voting power with 22 per cent of the capital.

Mr Serge Ledermann, head of equity research at Geneva henkers Lombard Odier, said there was no reason to have more confidence in the new management than the old. "Management by committee is always wrong," he said.

North West Water posts 6% rise in profits to £138.2m

By Peggy Hollinger in London

North West Water, the UK privatised utility, yesterday announced a 6 per cent increase in interim pre-tax profits, to £138.2m ($205.9m), and a slightly higher-than-expected dividend.

But its share price slipped 17p to 567p as the company reported a sharp drop in profits from non-regulated businesses, in which it has invested some £140m since privatisation.

The shares may also have been hit by North West's decision to delay paying the interim dividend until April 6. This will save the company advance corporation tax, but result in a lower tax credit for pension funds.

Mr Bob Ferguson, finance director, said the company had sought to compensate for the delayed dividend by increasing the payout from 7.13p to 7.67, against an expected 7.65p.

Earnings per share rose 16 per cent to 39.3p. Group sales were 7.5 per cent ahead at £455.3m.

Analysts also said the group was suffering from uncertainty over management succession following the abrupt departure last month of Mr Bob Thian, the chief executive closely linked to the group's international expansion. "The shares are likely to underperform because there seems to be a lack of senior management at the top," said one water industry analyst.

Sir Desmond Pitcher, chairman, has said he is anxious to appoint a replacement for Mr Thian, and has no intention of assuming a dual role.

North West suffered a 54 per cent decline in profits from non-regulated businesses, to £3.2m, on sales 10 per cent higher at £85.4m. Mr Ferguson said exchange rate movements had contributed about £9m.

The division had been hit by recession in the US and delays in federal funding of municipal projects. Mr Ferguson said the outlook was encouraging, however, with order books running 27 per cent ahead of last year.

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Trebruk takes 51% stake in paper group

By Anthony Robinson in London

Trebruk, the Swedish paper group, has completed a $56m limited recourse financing operation for Kostryzynskie Zaklady Papiernicze (KZP) which leaves it with a 51 per cent stake in the former loss-making, state-owned Polish paper company.

Trebruk acquired control of KZP for a nominal sum in October.

The new financing will provide working capital, pay off creditors, fund a $40m capital investment programme to raise production of fine papers to 250,000 tons annually and pay for a $5m environmental clean-up.

Funds have been provided by a group of Swedish investors and the European Bank for Reconstruction and Development (EBRD).

Of the $56m total, $25m will be provided by Trebruk and a group of Swedish investors. These include the Nordic Environment Finance Corporation and Swedfund International AB, which will each take 16 per cent of the increased equity, and Rottneros Bruk AB, a Swedish producer of chlorine-free pulp and a group of trade investors.

The EBRD is committing $32m but is still finalising syndication among a group of Polish and West European banks.

Samuel Montagu acted as adviser to Trebruk in a deal which will guarantee 1,000 jobs in Kostryn whose proximity to the German border and low production and distribution costs was one of the determining factors in the Swedish company's decision to take over the Polish company.

INTERNATIONAL COMPANIES AND FINANCE

Gold producer combines with subsidiary

By Laurie Morse in Chicago

Newmont Mining, the Denver-based gold company, and its partially-owned subsidiary, Newmont Gold are combining assets and operations in a complicated stock transfer that will make the two publicly-traded companies virtually identical.

Together, they constitute the world's sixth-largest gold producer.

The deal stops short of a full merger, which the company said could not be effected without creating a large accounting charge.

"It nevertheless is tax-free and satisfies the operating and financial purposes of a full merger," said Mr Ronald Cambre, chief executive officer of both companies.

Shares of the two companies will continue to trade separately on the New York Stock Exchange, but they should trade at nearly identical prices since they would have the same outlook, operating results and dividends.

Analysts welcomed the transaction, which still must be approved by Newmont Gold's public shareholders.

"This should clear up a lot of investor confusion about what the differences are between the two companies," said Phillip Martin, a gold company analyst at Gordon Capital.

Newmont Mining, once highly diversified, has shed Peabody Coal and other mining operations since 1986, and is now essentially a worldwide gold mining and exploration company that owns 90 per cent of Newmont Gold.

Newmont Gold has 19.5m nunces of gold reserves, mostly in Nevada's rich Carlin Trend. Their combination will give shareholders in both companies ownership of the same properties worldwide.

Their cnmhined gnld reserves will be approximately 28m ounces, and the company projects worldwide gold production will approach 2m ounces of gold annually hy 1996.

US-Mexican media deal falls through

By Damian Fraser in Mexico City

The proposed joint ventura between Tele-Communications, the US cable operator, and Televisa, the Mexican media group, has fallen through.

Under the joint venture TCI would have bought 49 per cent of Televisa's cable subsidiary, worth an estimated $200m-$400m. The twn companies planned to combine to provide cable television and other services throughout Latin America.

The collapse comes ahead of next week's $1bn secondary equity offering hy Televisa, which will take the media group into the New York Stock Exchange. Televisa will sell 10 per cent of its equity.

TCI said the joint venture needed to he re-evaluated in view of the company's proposed merger with Bell Atlantic.

Bell Atlantic, which plans to hny 100 per cent of TCI, recently agreed to take a 42 per cent stake in Iusacell, Mexico's second-largest cellular phone company, for $1.04bn.

One large Televisa sharehnlder said Bell Atlantic's stake in Iusacell complicated the transaction.

Mr Emilio Azcarraga, chairman of Televisa, said: "We concluded that it was in everynne's best interests tn terminate the proposed arrangements in view of both parties' long-term objectives."

He said Televisa will continue to seek strategic alliances to expand businesses throughout the world.

Nova takes control of methanol producer

By Robert Gibbens in Montreal

Nova, the Alberta natural gas pipeline and petrochemicals group, is acquiring 24 per cent of Methanex, the Vanconver-based methanol producer, in a series of cash and stock deals.

Nova estimated the total value of the transactions, including the eventual public offer of part of Fletcher Challenge'a Methonex holding, as C$1.14bn (US$861m). It will finish with effectiva control of Methanex, whose total annual capacity is 4.2m tonnes. Methanex will be the world's largest producer, with 14 per cent of total capacity.

Nova is acquiring its stake from Germany's Metallgesellschaft, whose interest will fall from about 10 per cent to less than 5 per cent, and from New Zealand's Fletcher Challenge resnurce and construction group.

In the deal, Nova will put its own methanol asseta intn Methanex for Methanex stock, and subscribe for new Methanex shares. It will buy 6.4 Methanex shares from Metallgesellschaft and 15.5m Methanex shares from Fletcher Challenge.

The balance nf Fetcher's holding will be sold later via a public offer.

Nova, which has been restructured into a pipeline and petrochemicals group, last month sold its gas production unit in western Canada to Seagull Energy of the US for C$275m.

"The Methanex deal gives Nova the opportunity tn participate in one of the world's leading suppliers of methanol," said Mr Terry Poole, Nova's senior vice president.

Nova already has a strong methanol marketing presence in North America and Asia.

Correction

Hoechst

Hoechst, the German chemicals group, does not plan to seek a listing in New York snme time after 1994, as wrongly indicated due to agency error on Tuesday.

Canadian banks go their different ways

Bernard Simon reports on the disparate results produced under the same conditions

It's hard to believe a group of companies in the same country doing much the same kind of business can produce such disparate financial results as Canada's hig banks have in their latest fiscal year.

The six banks' return on equity for the year to October 31 ranged from a low of 2.4 per cent at Royal Bank of Canada to e middling 9.9 per cent at Montreal-based National Bank to Bank of Nova Scotia's impressive 14.4 per cent.

While Bank of Montreal's loan-loss provisions grew by 23 per cent to C$675m (US$510m), Canadian Imperial Bank of Commerce reported a drop of almost 50 per cent to C$920m.

"I can't easily recall – except for the time of LDC provisioning – when there was less comparability between banks," says Mr Rohin Korthals, Toronto-Dominion'a president.

If the stock market is any guide, the one common thread in the banks' performance is that business prospects are improving after three years of spiralling loan losses and slack credit demand. Bank of Nova Scotia's share price has risen by 27 per cent on the Toronto stock exchange this year. Despite its lacklustre performance, Royal Bank's shares have jumped from C$24.62 to C$28.

Ms Donna Toth, analyst at Nesbitt Thomson in Toronto, says her firm has the bank sector at the top of its list of recommendations. The optimism is based nn early signs that the banks' non-performing loan portfolios are starting to shrink as economic recovery takes hold. With the banks' prime lending rate at 5.5 per cent, its lowest level in 30 years, investors are banking on a revival in credit demand. Ms Toth adds that dividend yields are attractive.

Mr Korthals takes a more cautious view, predicting that credit demand will be "anaemic" for at least the next six months and stiff competition will continue to compress margins.

He says: "Borrowing is predicated on anticipation of price movement more than economic activity." Although the North American recovery is gathering steam, inflation remains low.

The wide disparity in 1993 earnings is partly explained by various charges and recoveries, whose size and timing is largely e matter of discretion.

Several banks cushioned the impact on their income statements of loan losses in the hard-hit North American real estate and natural resource sectors by reversing provisions made during the 1980s on loans to then-troubled Third World borrowers, mostly in Latin America.

Toronto-Dominion and Royal were hit by charges to cover tbe cost of Integrating tbe operations of recently-acquired trust companies. But tbeir accounting treatment varies.

Toronto-Dominion set aside C$140m as a special item for its purcbase of Central Guaranty Trust, whicb involved closing 90 branches of the now-defunct trust company. Royal's takeover of Royal Trust will mean closing only 43 branches.

But it cbarged C$300m against fourtb-quarter aarnings, in the form nf a non-interest expense.

The writedown will probably enable the hank to report a huge improvement in next year's earnings, which Ms Toth estimates at C$3.08 per share, up from 46 cents in 1993.

The banking industry is buzzing with rumours that a good performance in 1994 will clear tbe way for Mr Allan Taylor to step down as Royal's chief executive.

The banks' divergent performances may continue for several years as eacb responds in its own way tn regulatory reforms and fast-changing markets.

"They all looked like one big homogenous gloh in the 1960s," says Ms Kathy Humber, analyst at Wood Gundy. "They are now starting to differentiate themselves."

Royal, Bank of Nova Scotia and Toronto-Dominion have all snapped up trust companies this year to broaden their exposure to the "wealth management" services, wbicb are expected to be in increasing demand from an ageing population.

Bank of Montreal has eschewed this strategy in favour of huilding on the trust business of its Chicago-based subsidiary, Harris Bankcorp. It contends tbat Canadian banks do not need more branches, and that much of the trust companies' business is no different from the banks.

Bank of Montreal is also the odd man out in tbe banks' recent rush into insurance. Its attitude – at least for the time being – is that it can add little value to an insurance company, and that bank branches cannot easily handle the sale of insurance policies.

Mr Anthony Comper, Bank of Montreal's president, says that his bank's main growth areas will include Harris' retail network, North American investment banking and US corporate husiness. In five years' time, "we will be significantly bigger in the US tban now", he says.

The other hanks are also keen to make a splasb in tbe US and Latin America, especially Mexico. The three which have recently hought trust companies, bowever, may have their hands full in Canada for the time being.

CANADIAN BANKS – YEAR TO OCTOBER 31 1993

	Assets (C$bn)	Net income (C$m)	Loan loss provisions (C$m)	Return on equity (%)
Royal Bank of Canada	164.9 (138.3)	300 (107)	1,750 (2,050)	2.4 (negative 0.3)
CIBC	141.3 (132.2)	730 (12)	920 (1,835)	10.6 (negative 2.0)
Bank of Montreal	116.9 (109.0)	709 (640)	675 (550)	14.1 (14.1)
Bank of Nova Scotia	107.6 (98.2)	714 (676)	465 (449)	14.4 (15.7)
Toronto-Dominion	85.0 (74.1)	275 (408)	600 (543)	5.4 (8.4)
National Bank of Canada	42.7 (40.0)	175 (1)	325 (570)	9.9 (negative 2.6)

1992 figures in parentheses

Tofas public offer withdrawn

By John Murray Brown in Istanbul

The Turkish government has cancelled plans for a $550m public offer on the New York Stock Exchange of its 21 per cent shareholding in Tofas, Turkey's largest carmaker.

It has done so after objections from Fiat which owns 42 per cent of Tofas. The Italian motor group is understood to have opposed the full SEC listing on legal and disclosure grounds.

Turkish officials confirmed that Shearson Lehman Bros and J. Henry Schroder Wagg, the banks mandated to sell the government's shares, were preparing a more restricted private placement with US institutional investors.

The Public Particlpation Administration, tbe government agency handling state asset sales, is due to meet the company in Istanbul today. It hopes to conclude the Tofas share sale hy the end of March.

Koc Holding, Turkey's largest industrial conglomerate, holds 34 per cent of Tofas.

Tofas would have been the first full registration of Turkish stock with the SEC. Bankers say Fiat was concerned that the offering could expose the company to potentially costly legal disputes witb individual shareholders.

Brokers point out tbat by restricting the sale to hig institutions, Fiat will be in a better position if at some future date it decides to seek majority control of Tofas.

The decision is a setback for the PPA, at e time wben it is trying to revive tbe government privatisation effort.

A World Bank team is due back in Ankara on Monday to conclude negotiations on a $30m loan to support privatisetion. Tbe government is poised to award a mandate to implement the sale of Tupras, tbe state refineries concern and Petrol Ofisl, the petrol retail arm.

The government is planning to sell its 18 per cent stake in Tofas Otomobil Ticaret, tbe retailer.

Litton subsidiary buys back shares for $558m

By Richard Waters in New York

Litton Industries' oil services subsidiary, Western Atlas, is to pay $558m to buy back e block of its own shares as part of a series of measures to shape it as a free-standing company.

Western Atlas will pay $358m in cash and $200m in seven-year notes to buy the 29.5 per cent of its shares held by Dresser, another oil services company.

Western Atlas, which derives 60 per cent of its annual $2bn sales from oil services and the rest from industrial automation, is expected to be spun off before the end of the year. Litton shareholders will receive one share in the new company for each Litton share they own.

Litton added that it would take an after-tax charge of $172m in the current quarter to reflect the accelerated depreciation of some of Western Atlas' assets. The subsidiery specialises in the use of information technology in exploration and drilling operations and demand for the newest technology bad been stronger tban expected, forcing the accelerated write-downs of older equipment.

Mr Alton Brann, president and chief executive, said the purchase would allow both Litton and Dresser to concentrate on their core businesses.

INTERNATIONAL COMPANIES AND FINANCE

Setback prompts review of bank sales

By Julian Ozanne in Jerusalem

Israel is reviewing how best to continue with the sale of the country's leading banks after the privatisation drive suffered a setback recently on the Tel Aviv stock exchange.

One option being considered by the finance ministry is the sale of a controlling stake of 20 per cent in Bank Leumi by tender, before any more shares are sold in Tel Aviv or New York. The offering values the bank at around Shk5bn ($1.7bn).

A public offering of 10 per cent of shares in Bank Leumi was cancelled last month after an issue of 10 per cent of Bank Hapoalim, Israel's biggest bank, flopped. In September an issue of 10 per cent of Bank Leumi was heavily oversubscribed.

Mr Gil Leidner, managing director of MI Holdings, the government organisation overseeing the sale of bank shares, said yesterday that selling a controlling interest in Bank Leumi by tender was one of many options, and a final decision would be taken in two to three weeks. "At the moment everything is speculation," he said.

Bankers, however, said the government was being forced to consider other options for the sale of Bank Leumi. They said an early sale by tender was a possibility, as a share issue in New York would be complicated and could be harmed by negative political developments.

Meanwhile, the central bank is reviewing the financial records of four groups interested in a controlling share of United Mizrahi Bank (UMB), the country's fifth largest banking group, before issuing the contenders a licence to qualify for the tender.

The government plans to sell a block of between 25.1 per cent and 51 per cent of the issued share capital of UMB, which last year posted net profit of Shk115m. The central bank is expected to complete its review within six weeks, and the bidding for UMB would start in April or May next year.

Banks losing patience with Esco

By Robert Thomson in Tokyo

Hokkaido Takushoku Bank, the Japanese commercial bank, is close to cutting the loan lifeline to Esco Leasing, a troubled finance company which has borrowed a total of Y230bn ($2.02bn) from 33 Japanese institutions.

For the past two years, Hokkaido Takushoku has been attempting to restructure Esco, but the company has been unable to recover its own Y200bn loan to another finance company, Easy Capital and Consultants, which pumped much of the money into the property market.

Esco is also based on the northern island of Hokkaido, and expanded aggressively during the so-called bubble years of the late 1980s when stock and property prices soared.

The ensuing collapse in asset values left many financial companies exposed and forced their banks to bail them out.

A restructuring plan for Esco was agreed by the 33 banks in March last year, when they accepted a cut in their interest repayments for two years.

However, the banks are close to concluding that Esco is a hopeless case and that their exposure should be written off.

Hokkaido Takushoku, often known as Takugin, has a ratio of non-performing loans to total loans of 5.39 per cent, the highest among Japan's 11 leading commercial banks. However, these official totals are generally regarded as a conservative estimate of the banks' exposure.

Japanese banks are becoming more aggressive in writing off bad loans, and the Esco case would be a warning to other troubled financial companies that their banks are not prepared to extend unlimited support for a restructuring. Banks are likely to follow the lead of the main bank, which in this case is Takugin.

The 33 banks say they have collateral worth about 60 per cent of their Y220bn exposure.

However, as many banks have discovered, the value of property collateral can be far less than the book value of three or four years ago.

Robt Jones ordered to pay record damages

By Terry Hall in Wellington

New Zealand's court of appeal yesterday ordered Robt Jones Pacific, a subsidiary of Tasman Properties, to pay NZ$73m (US$40.5m) damages to McConnell Dowell for withdrawing from a contract to 1990 to buy New Zealand's tallest building.

The decision reverses a high court ruling that Robt Jones Pacific did not need to pay damages.

The damages are believed to be the highest in New Zealand history. McConnell Dowell said it also intended to seek up to NZ$23m in costs. If awarded, the costs would exceed Tasman's shareholders' funds of NZ$53m.

Robt Jones Pacific signed a complex agreement in 1988 with McConnell Dowell under which it agreed to purchase the 41-storey building in Auckland. However, when the building was near completion Robt Jones Pacific said it would not buy it, as conditions specified in the contracts had not been met.

McConnell Dowell said it was delighted with the latest ruling, saying it totally vindicated its view that Tasman Properties had unlawfully breached the contract.

James Hardie falls to A$19.5m after six months

James Hardie, the Australian building materials group, yesterday reported a slump in first-half profit after tax and abnormals to A$19.5m (US$13m) in the six months to end-September, writes Nikki Tait in Sydney. This compared with A$30.3m in the same period of 1992.

Abnormal items accounted for A$7.7m, against nil last time. Operating revenues were A$822.5m, compared witb A$723.9m.

Mr John Reid, chairman, blamed the fall in interim profits on a flattening-out in the building market.

Western cash fuels Chinese growth

New fund targets China's auto parts industry, writes Alexander Nicoll

Mr Tim Clissold and his colleagues at Pacific Alliance Group, a Hong Kong merchant bank, have spent months travelling around China with one purpose: to examine motor components factories needing money and technology for expansion.

Within the next few months, his trips to nearly 100 factories, many in remote areas, should start to bear fruit. Pacific Alliance is a sponsor of a fund, launched recently, which will invest solely and directly in production of Chinese auto parts.

China Automotive Components Group, also sponsored by Trust Company of the West, a US asset management concern, and Dean Witter Capital Corporation, the New York brokerage, is a limited partnership which is being privately placed mainly in the US. The aim is to raise $150m in minimum amounts of $1m. The partnership is domiciled in the Cayman Islands.

If successful, the investment vehicle will be unusual among the 40 or so funds which profess to invest in China. Since opportunities for direct participation in China by portfolio investors are limited, most funds direct a significant proportion of investors' money into the Hong Kong stock market.

Some funds do target unlisted Chinese companies with the aim that the companies obtain stockmarket listings as they (and the Chinese markets) develop.

Investors in China Automotive Components Group will, however, be tied directly to unquoted companies in one sector of one industry. Moreover, they will be tied specifically to three Chinese entities in an elaborate form of joint venture.

The aim is not simply to use the knowledge of the sponsors to pick investments, but to help build a group within China with a critical mass sufficient to have a strong impact on the market. The sponsors have already identified 25 components factories, making such items as pistons, clutches and spark plugs, at which they would form joint ventures and inject capital and technology.

The Chinese partners are China National Automotive Industry Corporation (CNAIC), the government body which co-ordinates the Chinese motor industry; China North Industries Corporation, generally known as Norinco, the leading arms producer which has turned increasingly to civilian products and is China's largest integrated automotive manufacturer, with 70 components factories; and the municipal government of Changchun, a north-eastern city which is China's equivalent of Detroit.

The rationale for investing in the motor industry is clear, with China's economic boom raising incomes and creating enormous demand. As Mr Clissold, managing director of Pacific Alliance, says: "700m Chinese have bicycles and would prefer to have motorcycles." Norinco factories already have 40 per cent of the motorcycle market and are looking to expand their output both of parts and the finished product.

China has carefully controlled the expansion of the motor vehicle industry, and car production remains low: only 164,300 passenger cars were built last year. However, according to Pacific Alliance Group, CNAIC expects production to grow at about 30 per cent a year to reach 1.53m in 2000.

The main assemblers of cars and light trucks, which are joint ventures with foreign manufacturers or have other types of foreign involvement, are under pressure to increase local content. However, foreign investment in the Chinese component industry has been relatively slight.

"What we're looking for are factories which want to increase their production and need the money to expand," says Mr Clissold. In some ventures, there is also a need to inject new technology. Where a projected investment is large enough to justify it, the bank's team is followed to a factory by a team from A. T. Kearney, the US consultants, who develop an operating plan. A separate team with experience of the US car industry also visits factories.

The aim is that the ventures in which the partnership invest should be ready to be listed publicly within three to five years.

The sponsors have already identified 25 components factories at which they would form joint ventures and inject capital and technology

Chinese vehicle production (000s)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Trucks/cars/minibuses	240	316	443	373	473	647	587	509	714	1,080
Motorcycles	287	528	1,045	635	734	1,171	1,032	966	1,317	1,982

Source: Pacific Alliance Group from official figures

INTERNATIONAL CAPITAL MARKETS

Gilts continue to benefit from post-auction euphoria

By Sara Webb in London and Frank McGurty in New York

UK government bonds continued to rise yesterday, benefiting from post-auction euphoria, the favourable inflation background and hopes of another base rate cut.

GOVERNMENT BONDS

In spite of all the new supply, the gilt market managed to rise a further ¾ of a point at the long end yesterday.

The Bank of England – which succeeded in selling £3bn of 6¾ per cent stock due 2004 at Wednesday's auction – sold at least another £800m of assorted tap stocks yesterday as investor appetite for gilts remained strong.

The Bank sold out two of the four tranches announced on Wednesday afternoon: a £400m tranche of 6 per cent stock due 1999 and a £400m tranche of 8 per cent stock due 2013, both of which were exhausted early in the day.

Dealers said the low inflation background was generating a lot of interest in longer-dated gilt issues, especially since the November RPI figure due out next week was expected to be good.

In addition, some investors appeared keen to put any surplus cash into the market for the year-end.

"No-one wants to be seen sitting on cash, given the shape of the yield curve," said one dealer.

■ European government bonds showed strong gains on hopes of lower interest rates and led mainly by a technical rally in the German market.

The German long bond futures contract, which opened at 100.46, reached an all-time high of 100.87 before slipping back to 100.77 by late afternoon.

Dealers said once the contract broke through its previous high of 100.66, it spurred a flurry of buying which drove the market higher. The long end of the market outperformed the short end, leading to a flattening of the yield curve.

Also providing a welcome lift for bunds was the downward revision yesterday in western Germany's November inflatioo rate to 3.6 per cent year-on-year from a preliminary 3.7 per cent.

■ French government bonds continued their rally, taking their cue from the German market and helped by the strength of the franc which stayed comfortably within its former European exchange rate mechanism bands.

"People are expecting to see a German rate cut and that would pave the way for the Bank of France to ease," said one dealer.

The March futures contract on the Matif ended up 0.26 at 129.30, while in the cash market, investors were mainly interested in longer-dated issues.

The November consumer price data is due to be released today and is expected to show a rise of 0.1 per cent from October, giving a year-on-year rise of 2.2 per cent.

■ The high-yielding European bond markets of Spain and Italy spurted, but the sharp rise was more a sign of them catching up with the other European markets after the recent public holidays, rather than a reaction to domestic news.

The Italian government bond future rose to a high of 117.00 up from Wednesday's close of 116.61.

In recent days, investors have been shifting out of three-year bonds and switching further up the yield curve to the five-10 year area.

■ The US Treasury market bounced back yesterday morning from a setback that immediately followed news that an important measure of producer prices had risen at a slightly higher-than-expected rate.

By midday, the benchmark 30-year government bond was trading ⅜ ahead at 101⅝, with the yield easing to 8.143 per cent.

On the short end, the two-year note was unchanged at 100⅜, to yield 4.149 per cent.

With traders widely anticipating a very positive reading, the release of November price data was a letdown.

The Labor Department said that core prices, excluding the more volatile food and energy components, had increased 0.4 per cent, while the overall rate was unchanged. Forecasts had centred on a 0.2 per cent rise in the core rate.

French group issues first warrants on SBF 120 stock index

By Tracy Corrigan

Société Générale Equities & Derivatives has issued the first warrants on France's new SBF 120 stock index, launched on Wednesday.

The SBF 120 includes medium-sized as well as large companies, representing more than 80 per cent of the capitalisation of the Paris stock exchange, compared with 58 per cent for the CAC-40 index.

"The SBF 120 is more sensitive to an economic upturn than the CAC-40, with a higher representation of sectors which should benefit earlier from the recovery," according to Mr Frédéric Redel, French strategist at SGED.

Sectors with greater representation in the SBF 120 include construction, durable goods and retail.

The issue consists of 1m call and 1m put warrants, exercisable from December 30 1993 to December 30 1994. There are four tranches of call warrants, with strike prices of 1,400, 1,500, 1,600, 1,700 and four tranches of put warrants with strike prices of 1,300, 1,400, 1,500 and 1,600.

The index, compiled by the Société Française des Bourses, is computed only at the market's opening and closing, but will become continuous in March.

● Barclays de Zoete Wedd has launched two issues of call warrants on the three-year Italian swap rate denominated in Swiss francs.

The warrants are aimed at Swiss investors who wish to position themselves for declines in Italian interest rates.

The issue consists of 20,000 six-month call warrants on the three-year swap rate with a strike price of 7.96 per cent and 30,000 one-year call warrants with a strike price of 8.23 per cent.

Both issues are European-style warrants.

Argentina increases global bond offering to $1bn

By Antonia Sharpe in London and John Barham in Buenos Aires

Strong demand from US investors, confident that the Republic of Argentina would achieve an investment-grade rating before too long, enabled the sovereign borrower to increase the size of its first offering of global bonds to $1bn from $750m.

INTERNATIONAL BONDS

Demand was such that the 10-year bonds were priced to yield 280 basis points over US Treasuries, at the low end of the indicated range of 280 to 285 basis points. When the bonds were freed to trade, the spread tightened to 276 basis points.

Mr James Quigley, managing director in charge of global debt syndicate at Merrill Lynch, ooe of the three joint leads, said that Argentina had secured a yield spread which reflected a strong double-B rating rather than a single-B rating.

"The market expects further upgrades in Argentina's rating in 1994," he said. The sovereign borrower is rated B1 by Moody's and double-B minus by Standard & Poor's.

A total of $1.25bn was allocated to investors, of which $300m was placed in Argentina, leaving some underwriters with short positions. Of the remainder, 60 per cent was placed in North America and 40 per cent in Europe and Asia.

Mr Quigley said at least half of the bonds which were sold in the US were bought by traditional, investment-grade portfolio managers, as opposed to junk-bond or emerging-market investors.

Mr Daniel Marx, Argentina's finance under-secretary, said the proceeds of the issue would be used to re-finance maturing debt.

The larger-than-expected issue would enable Argentina to build up its currency reserves and be less active in the debt market early next year.

Hong Kong & Shanghai Hotels, which owns the Peninsular Hotel in Hong Kong, tapped the Eurodollar sector with a $150m seven-year offering of convertible bonds.

Lead manager BZW said the indicated conversion premium of 16 per cent to 19 per cent, which was more generous than other recent convertible offerings from Hong Kong issuers, reflected the issuer's desire for good placement.

Elsewhere, the sterling bond market was swamped with new issues as issuers took advantage of the strength in the UK government bond market to raise money before the end of the year.

Scottish Amicable became the first UK mutual life insurance company to raise debt capital in the international bood market with its £100m issue of undated subordinated bonds.

More mutual life insurance companies could well follow suit, now that the Department of Trade and Industry has indicated that insurance companies may raise external capital prior to the implementation in the UK of the European Community's third life directive.

Mr Roy Nicolson, Scottish Amicable's managing director, said the proceeds of the offering would fund potential ventures in the UK and Europe. The bonds, via Kleinwort Benson, were priced to yield 190 basis points over the 8¾ per cent gilt due 2017.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
HSH Overseas Finance(a)‡	150	(5.00)	100.00	Jan.2001	2.50	-	Barclays de Zoete Wedd
Indosuez Cap.Fund. No.1‡§	100	(b)	99.40R	Dec.2005	undisc.	-	Morgan Stanley Int.
Telcel International	50	9.00#	100.00R	Dec.1998	1.125R	+400(4¾%-98)	Chase Investment Bank
Banco del Sud	50	9.125#	99.778R	Dec.1996	1.00R	+375(4½%-96)	Bear Stearns Int.
Spintab(c)§	50	(c)	99.90R	Jan.1999	0.20R	-	Fuji Intl. Finance
D-MARKS							
European Investment Bank(d)	500	5.75	103.88	Oct.1996	1.375	-	Dresdner Bank
STERLING							
Mutual Group (UK)	125	7.25	98.644R	Jan.2004	0.50R	+95 (6¼%-03)	Barclays de Zoete Wedd
Scottish Amicable Finance(e)	100	8.50	98.090R	undated	0.625R	+190(8¾%-17)	Kleinwort Benson
YEN							
Republic of Finland	45bn	2.75	100.00R	Jan.1999	0.25R	+29(4.7%-98)	Daiwa Europe
FRENCH FRANCS							
Crédit National(f)	300	5.75	99.812R	Jan.2002	0.35R	+14 (6¾%-01)	Crédit Lyonnais

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Convertible. §Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Callable from 8/1/97, subject to 130% rule, at par. b) Coupon: 6-month Libor +1%. Callable on any interest payment date from 20/12/97 at par. c) Issue launched on 30/11/93 was increased to $100m. Coupon pays 3-month Libor + 0.25%. d) Fungible with outstanding DM500m. Plus 67 days accrued interest. e) Short 1st coupon. Repayable on 30/6/2018 and every 5 years thereafter, or exchanged for new bonds with a coupon the higher of the then current 5-year gilt +290bp. f) Bunny bonds: investors have option for coupons to be paid in cash or new bonds issued at par.

Sweden plans to expand foreign currency loans

By Christopher Brown-Humes in Stockholm

Sweden said yesterday it expected to borrow an additional SKr20bn-SKr30bn in foreign currency next year to meet its financing requirements.

This means its foreign currency borrowing requirement during 1994 will amount to SKr85bn-SKr95bn, including refinancings of maturing debt.

The country is one of the biggest borrowers in the international capital markets as its budget deficit has climbed to 15 per cent of gross domestic product, one of the highest levels in western Europe.

The government said net currency borrowing of SKr20bn-SKr30bn next year meant the foreign currency element in the funding of state debt would fall slightly.

According to the national debt office, Sweden's total debt in foreign currency at November 30 1993 amounted to SKr374bn, equal to 34 per cent of central government debt.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	10/02	121.4100	-0.200	6.75	6.84	6.62
Belgium		9.000	03/03	116.1200	+0.440	6.81	6.83	7.04
Canada *		7.500	12/03	106.2000	+0.550	6.64	6.77	6.81
Denmark		8.000	05/03	112.3000	+0.400	6.23	6.38	6.44
France	BTAN	8.500	05/98	109.6400	+0.230	5.28	6.07	6.09
	OAT	6.750	10/03	106.5500	+0.340	5.90	6.02	6.09
Germany		6.000	09/03	101.5400	+0.180	5.76	5.87	5.88
Italy		9.000	10/03	101.5100	+1.230	8.76†	8.45	8.99
Japan	No 119	4.800	06/99	111.2310	+0.060	2.49	2.57	2.83
	No 157	4.500	06/03	109.5670	-0.160	3.19	3.31	3.49
Netherlands		6.500	04/03	105.6300	+0.350	5.70	5.84	5.84
Spain		10.500	10/03	114.3500	+0.800	8.31	8.55	8.65
UK Gilts		9.750	01/98	114-19	+4/32	5.66	5.87	6.21
		6.000	06/03	111-21	+7/32	6.35	6.52	6.85
		9.000	10/08	122-08	+14/32	6.63	6.79	7.20
US Treasury *		5.750	08/03	100-26	+13/32	5.64	5.80	5.68
		6.250	08/23	101-15	+18/32	6.14	6.28	6.19
ECU (French Govt)		6.000	04/03	112.6200	-0.080	6.15	6.35	5.44

London closing, *New York mid-day. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	125.18	125.34	+0.24	125.40	125.12	64,188	97,5733
Mar	129.14	129.30	+0.26	129.36	123.04	163,927	104,663
Jun	128.60	128.70	+0.24	128.70	128.60	706	2,985

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Jan	Calls Mar	Calls Jun	Puts Jan	Puts Mar	Puts Jun
125	-	-	-	-	0.12	-
126	-	3.45	-	0.02	0.21	-
127	2.32	2.59	-	0.05	0.34	-
128	1.42	1.85	-	0.13	0.59	-
129	0.66	1.23	1.40	0.39	0.97	-
130	0.21	0.78	0.07	0.93	-	-

Est. vol. total, Calls 41,299 Puts 68,327. Previous day's open int., Calls 194,370 Puts 169,065.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	100.46	100.79	+0.41	100.97	100.38	118664	143091
Jun	100.50	100.74	+0.41	100.50	100.47	46	993

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
10050	0.88	1.22	0.59	0.98
10100	0.62	0.98	0.83	1.24
10150	0.42	0.77	1.13	1.53

Est. vol. total, Calls 10673 Puts 6614. Previous day's open int., Calls 130224 Puts 77821

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	100.40	103.48	+0.14	103.56	103.38	2675	9428

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	116.94	116.40	-0.21	116.90	116.14	37347	77612
Jun	116.35	116.40	-0.36	116.50	116.32	243	27

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
11600	2.18	3.19	1.79	2.79
11650	1.92	2.94	2.02	3.04
11700	1.68	2.71	2.28	3.31

Est. vol. total, Calls 3020 Puts 3388. Previous day's open int., Calls 28584 Puts 28991

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	103.60	104.09	+0.71	104.12	103.60	38,452	48,207
Mar	104.05	104.32	+0.77	104.40	104.06	37,588	62,915
Jun	-	104.00	-	-	-	-	60

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	118-26	118-31	+0-08	119-00	118-23	1859	12344
Mar	118-01	118-05	+0-08	118-08	117-28	58783	132110
Jun		117-15	+0-08			0	69

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
118	1-32	1-59	1-22	2-29
119	1-02	1-33	1-56	3-03
120	0-43	1-10	2-33	3-44

Est. vol. total, Calls 6213 Puts 2824. Previous day's open int., Calls 50205 Puts 24057

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	121.24	121.46	+0.24	121.46	121.20	4,265	7,674
Mar	120.74	120.90	+0.19	120.90	120.70	1,966	9,624

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	117-14	117-15	+0-04	117-21	117-00	12,083	83,147
Mar	116-06	116-06	+0-04	116-14	115-24	204,728	230,242
Jun	115-04	115-08	+0-01	115-13	114-25	2,211	10,034
Sep	114-08	114-09	+0-03	114-12	113-29	1,994	14,062

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	116.65			116.65	116.52	1479	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Dec 9	Day's change %	Wed Dec 8	Accrued interest	xd adj. ytd
1 Up to 5 years (25)	131.10	+0.14	130.91	2.63	10.03
2 5-15 years (22)	161.72	+0.20	161.55	2.26	12.11
3 Over 15 years (8)	188.05	+0.53	187.07	2.51	11.21
4 Irredeemables (6)	222.71	+0.92	220.69	1.35	13.71
5 All stocks (61)	157.08	+0.25	156.76	2.47	11.37
Index-linked					
6 Up to 5 years (2)	192.29	+0.02	192.25	0.82	4.28
7 Over 5 years (11)	190.31	+0.05	190.21	1.36	4.29
8 All stocks (13)	189.58	+0.05	189.49	1.31	4.27
Debentures and Loans					
9 Debs & Loans (65)	150.40	+0.67	149.41	2.06	10.75

Average gross redemption yields	Low coupon Dec 9	Low coupon Dec 8	Low coupon Yr. ago	Medium coupon Dec 9	Medium coupon Dec 8	Medium coupon Yr. ago	High coupon Dec 9	High coupon Dec 8	High coupon Yr. ago
5 yrs	6.62	5.66	7.37	5.88	6.62	7.65	5.98	6.02	7.88
15 yrs	6.52	6.58	8.27	6.63	6.68	6.70	6.83	6.86	8.98
20 yrs	6.61	6.66	8.49	6.65	6.69	8.85	6.85	6.88	9.05
Irred.†	6.74	6.80	8.87						

Index-linked	Inflation 5% Dec 9	Inflation 5% Dec 8	Inflation 5% Yr. ago	Inflation 10% Dec 9	Inflation 10% Dec 8	Inflation 10% Yr. ago
Up to 5 yrs	1.97	1.97	2.69	1.18	1.18	1.92
Over 5 yrs	3.03	3.00	3.98	2.86	2.86	3.81

Debentures and Loans	5 year yield Dec 9	5 year yield Dec 8	5 year yield Yr. ago	15 year yield Dec 9	15 year yield Dec 8	15 year yield Yr. ago	25 year yield Dec 9	25 year yield Dec 8	25 year yield Yr. ago
9 Debs & Loans (65)	7.24	7.26	6.96	7.62	7.69	8.89	7.76	7.83	10.10

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Dec 9	Dec 8	Dec 7	Dec 6	Dec 3	Yr ago	High*	Low*
Govt. Secs. (UK)	106.31	105.94	105.55	105.55	105.31	93.64	106.31	93.28
Fixed Interest	129.49	128.78	128.65	128.49	128.46	108.86	129.49	108.67

* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 129.49 (9/12/93), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Dec 8	Dec 7	Dec 6	Dec 3	Dec 2
Gilt Edged bargains	122.7	107.5	104.0	95.1	106.7
5-day average	107.2	110.4	110.0	110.1	108.5

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on December 9

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 98	1000	101	101¼		6.35
AlbertaProvince 9⅜ 95	600	106⅝	106		4.48
United Kingdom 7¼ 97	5500	108⅞	108⅞	+⅛	5.12
Volkswagen Intl Fin 7 03	1000	100⅞	102⅞	-⅛	6.65
World Bank 0 15	2000	28	28¼	+⅛	5.96
Alliance Leics 11⅞ 97 £	100	116¼	116⅝	+⅛	5.95
British Gas 12¼ 95 £	000	108⅞	108¾		5.19
British Land 12½ 16 £	150	140⅞	140⅞	+⅛	8.62
[illegible]					

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month †above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1993 High	1993 Low
"Shorts" (Lives up to Five Years)						
Treas 8½pc 1994	8.46	5.19	100½	-	[illegible]	100½
14½pc 1994‡‡	14.20	5.16	102½	-⅛	103¼	102⅝
Exch 13½pc 1994	13.08	5.04	103⅛	-	[illegible]	[illegible]
[illegible]						

Other Fixed Interest

[illegible]

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

All-round growth lifts GUS 9% to £213m

By Paul Taylor

Great Universal Stores, the mail order, retail, financial services and property group which recently enfranchised its shareholders, yesterday reported a 9.4 per cent increase in interim pre-tax profits – underpinned by higher trading profits in all four main trading divisions.

Pre-tax profits increased from £194.8m to £213.2m in the six months to September 30 on turnover ahead by 11.5 per cent to £1.39bn (£1.25bn).

Earnings per share increased to 14.3p (12.9p) and the interim dividend is raised from 3.44p to 4p.

Operating profits, including £28.6m (£27.5m) in net property rental income, increased by 16.6 per cent to £155.9m (£133.7m).

Net interest receipts declined to £51.6m (£58.5m) resulting in an overall trading profit of £207.5m (£192.2m.)

Profit on the sale of investments and property after professional fees of £2m for the capital reorganisation implemented in October, contributed a further £5.7m (£2.6m).

The core home shopping division, which includes the Kays and Great Universal mail order catalogues, boosted trading profit by 22 per cent to £68.5m (£56.2m).

That was achieved on turnover which jumped to £818.4m (£780.5m) reflecting a volume increase, mainly in the UK.

The Burberrys & Scotch House division also performed well and lifted trading profit by 54 per cent to £13.1m (£8.5m) on turnover up 20 per cent at £85.4m (£71.2m).

The overseas retailing division made a modest increased contribution with operating profits rising by 10 per cent to £11m (£10m) on turnover of £88.2m (£83.3m).

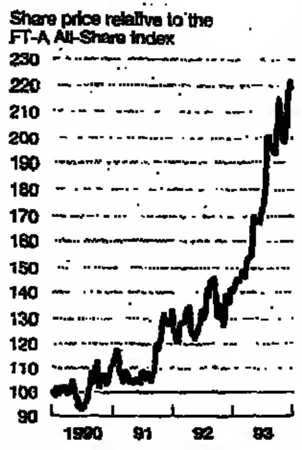
The consumer and corporate finance, banking and business information operations also performed well, lifting their trading profits to £25.8m (£18.4m). Among these operations GUS said General Guarantee experienced strong demand for both consumer and corporate advances, particularly for cars and other vehicles.

Rental income in the property division increased by 7.2 per cent from £25m to £26.8m despite the number of rent reviews being at a low point in the 5-year review cycle.

The group generated a £140.7m positive underlying cash flow from trading activities during the first half and maintained a virtually ungeared balance sheet which included £1.12bn of cash at the end of September.

GUS

Share price relative to the FT-A All-Share Index



Source: FT Graphite

● **COMMENT**

GUS's shares closed 9p down at 573p yesterday, perhaps reflecting some disappointment that, following enfranchisement, there were no further developments on corporate structure. The results themselves were solid, in line with expectations, and reflect the benefits of the group's continuing investment in technology. Pre-tax profits this year should be about £510m producing earnings of about 33.7p per share. At current prices the shares are trading on a forward p/e of 17 and, despite a pronounced run over the past year, appear to have little downside risk.

British Land advances 28%

By Andrew Jack

British Land, the commercial property company, yesterday reported pre-tax profits up 28 per cent to £13.1m in the six months to September 30, against £10.2m.

The company also said it had so far spent more than £135m in property purchases for the British Land Quantum Property Investment Partnership announced in June.

Gross rental income was £72.7m (£69.4m). Earnings per share came out at 2.9p (3.9p) and the interim dividend is increased to 2.45p, compared with 2.28p.

Mr John Ritblat, chairman, said: "We are very happy with these results" and expressed strong confidence in the recovery of the property market. He reiterated his comments from June last year that the property market had turned for the better and continued to recover to a semblance of normality.

He said that the company traditionally had a "quiet first half" with the timing of its quarterly rent collection dates pushing more revenue into the second half of the year.

Mr Ritblat attacked FRS 3 as "so inappropriate for our accounts" because of its requirement that capital items be included. He preferred to emphasise revenue profits which showed a 60 per cent advance to £18.2m (£11.4m) during the half year.

Current funds and facilities exceed £775m. The company said its weighted average debt maturity was now greater than 22 years.

The Quantum partnership, under which British Land will spend £500m in property, was set up with a £250m equity subscription from Mr George Soros' Quantum Fund. British Land said it now had first refusal over the Quantum interest.

● **COMMENT**

The market seemed slightly disappointed in British Land's results, with the shares closing down 11p at 433p while the sector was stable. The reason was the false expectation, based on previous experience, that there would be other news at the same time: perhaps an acquisition, or a revaluation or balance sheet at the half year. Some analysts also felt the company was falling behind in its spending plans for its property-buying partnership with the Quantum Fund at a time when they consider the market is becoming more competitive. The company denies it has set any targets and seems willing to bide its time. Overall the shares seem fairly priced, with the company well geared for recovery and rich in cash for potential acquisitions.

Unit trusts call truce in high income war

By Philip Coggan, Personal Finance Editor

Full scale war in the unit trust industry was averted yesterday, when rival parties Save & Prosper and an alliance of Hypo Foreign & Colonial and Morgan Grenfell agreed to differ on the issue of high income unit trusts.

Hostilities seemed set to break out over the weekend when Save & Prosper abandoned plans to launch a trust offering a 10 per cent yield, citing doubts that such a return would have been achieved without erosion of capital. That implicitly raised doubts about the backing for funds run by Hypo F & C and Morgan Grenfell, which between them have raised £490m from investors.

Save & Prosper had arranged meetings to brief journalists on Wednesday; Hypo F & C had also organised to meet the press in order to respond. Instead, the two sides decided to talk and the press briefings were hurriedly cancelled. Yesterday, each side issued a statement with the aim of defusing the row.

At the heart of the issue is the use of options to generate income. Both the Hypo F & C and the Morgan Grenfell funds use a combination of shares, cash and options to achieve their 10 per cent yield. The funds earn premiums by writing call options against the shares they own – in non-jargon terms, that means they give other investors the right to buy the shares at a certain price.

While the premiums can be passed through to investors as income the funds miss out on some capital growth, since the options will be exercised if share prices rise.

What is less clear is whether the above strategy is likely to lead to the erosion of investor's capital. In its statement yesterday, Save & Prosper said "it felt that it could not launch such a unit trust if it had doubts about the trust's ability to pay a 10 per cent income on a continuing basis without there being the probability of erosion of capital built into the portfolio structure."

However, S&P added "there are a number of different approaches to derivatives investment and it will not comment on the validity or efficiency of any existing unit trust or offshore fund."

For their part, Hypo F & C and Morgan Grenfell issued a joint statement, which said "The two companies are confident of their funds' abilities to meet their stated objectives. Based on the discussions with Save & Prosper, we believe that there are significant features of the two companies' funds which have not been explored by the models used.

Mercury Asset trust launch raises £425.8m

By Philip Coggan, Personal Finance Editor

Mercury Asset Management said yesterday it had raised £425.8m for its World Mining Trust, making it the largest ever investment trust launch in the UK.

A total of 380m shares had been placed – with warrants attached on a 1-for-5 basis – with institutions and others. A further 45.8m shares were applied for under the public offer, and will be allocated in full.

The trust, which will be managed by Mr Julian Baring, will invest in companies which produce gold and base metals. Dealings are expected to start on December 15.

Getting in the picture: Chris Masters holds on to Swift, Salvesen's latest purchase in its strategy of building the distribution side

Trevor Humphries

Salvesen's £41m disappoints City

By Andrew Bolger

Shares in Christian Salvesen fell 17p to 331p yesterday after the international distribution, specialist hire and food services group reported flat underlying profits for the six months to September 30.

Under FRS 3, pre-tax profits fell from £53m to £41.1m but the comparative figure was flattered by a £12.6m gain on the disposal of Salvesen's oilfield technology business, which now goes above the line. Excluding exceptionals, pre-tax profits rose from £40.4m to £41.1m.

Sir Alick Rankin, chairman, said: "Under all the circumstances of a most difficult international marketplace ... this to be a creditable achievement and we feel able to raise the interim dividend by 3.1 per cent."

Operating profits from the specialist hire division fell from £15.4m to £15m. The group said Aggreko, which hires out generators and temperature control equipment, had seen strong performances in the US and south-east Asia offset by difficult trading conditions in Europe.

Light and Sound Design, which the group bought in 1991, made nothing in the first half. Mr Chris Masters, chief executive, said the company had been too slow to reduce its reliance on depressed pop concert markets, and it was being restructured, with a number of senior management changes.

In distribution, operating profits grew 7.1 per cent to £16m. The UK business was down 5 per cent at £9.6m, but this was partly offset by growth in continental Europe and particularly strong growth in the US.

Mr Masters said he accepted that grocery distribution in the UK was a fairly mature market, but said there were considerable opportunities for multi-user depots in the US.

In the food services division, profits fell from £8.2m to £7.5m. Salvesen Brick maintained profits at £1.5m.

Earnings under FRS 3 fell to 10.29p (14.03p). The interim dividend is increased to 3.3p (3.2p).

● **COMMENT**

The drop in the share price reflected disappointment over the profits figure, which was slightly below expectations, and that currency translation had contributed no less than £3.1m. However, the main concern of analysts is that growth of Salvesen's marvellous Aggreko business might be running out of steam. Mr Masters accepts that the days of annual 20 per cent growth are in the past, but says there is no reason why Aggreko should not maintain annual growth of 10 to 15 per cent, as it supplies bigger and more complex contracts. Forecast full-year profits of about £80m put the shares on a prospective multiple of 17.5. At that level they are still on a deserved 10 per cent premium to the market, but they are unlikely to advance much until the City is convinced that the specialist hire problems are only of a transitional nature.

Union criticism as Ferranti sheds 630 more jobs

By Richard Donkin, Labour Staff

Receivers at Ferranti International yesterday announced 630 redundancies among the 3,600-strong workforce.

The job losses, which had been expected since the company went into receivership last week, are to be spread across the group's operations throughout the UK.

Mr Murdoch McKillop and Mr John Talbot, the two Arthur Andersen receivers appointed to the ailing electronics business after GEC withdrew takeover plans, believe the job cuts will save £1m a month in operating costs.

This should allow them to run the business activities without further immediate losses if all Ferranti's customers can be persuaded to agree various contract changes.

Mr Talbot said they remained optimistic about their ability to sell the businesses as going concerns.

"What this means is that anyone wanting to buy any of the businesses will now be able to pick them up without having to fund the cost of redundancies," AEEU, the engineering union, said last night.

Mr Paul Gallagher, leader of the union's electricians' section, said the news was worse than he had feared.

"It is a bitter pill to swallow, especially as the government could easily have saved these jobs by awarding outstanding Ministry of Defence contracts to Ferranti."

The redundancies are higher than management had wanted – it had planned for 500 – but tha receivers hope the job losses will allow them the breathing space they need to make the businesses viable.

In the past three years Ferranti had reduced its workforce from 22,000.

The redundancies follow the same pattern as those at Leyland Daf last year where Mr Talbot and Mr McKillop also made severe job cuts after they took over as receivers.

An industrial tribunal chairman, awarding compensation to sacked Leyland workers in November, criticised the receivers for failing to meet their statutory obligations.

Under employment laws, workers should receive more than 90 days notice of redundancy. The receivers said, however, they were unable to comply with the requirement.

Mr McKillop said he sympathised with the employees who were losing their jobs.

Moorgate trusts show increase

Moorgate Investment Trust and Moorgate Smaller Companies Income Trust, investors in UK smaller companies under the wing of Moorgate Investment Management, yesterday announced increased net asset values as at November 30 1993, and maintained their interim dividends at 1.7p and 1.8p respectively.

However, Sir Mark Thomson, chairman of MIT, repeated his July warning that the total distribution for the year to May 31 1994 would be cut from 5.5p to 4.25p. He said a further reduction in earnings per share was indictaed.

At MSC, however, Sir Michael Richardson, chairman, said that the total dividend would be maintained at 4.28p.

Net asset value of MIT rose by 7.6 per cent to 150.8p while the value of MSC went up by 5.8 per cent to 132.55p.

Earnings per share at MIT went up from 2.7p to 2.93p per share and those at MSC increased from 2.09p to 2.32p.

Standard Chartered in £100m preference issue

Standard Chartered, tha UK-based international banking group, yesterday strengthened its capital base with a £100m issue of non-cumulative preference shares, writes John Gapper. The issue raises its core tier 1 ratio of capital to risk-weighted assets.

Standard's share price has risen sharply recently, driven by its exposure to emerging markets in the Asia Pacific region. But there has been speculation over whether it would be forced into a rights issue to strengthen capital.

The bank is also exposed to the appreciation of the dollar against sterling because its capital is sterling-denominated, while most of its assets are in currencies which are more closely linked to the dollar.

It has had a lower ratio of tier 1 capital - comprising equity, risk capital including non-cumulative preferenca shares, and retained earnings - to its risk-weighted assets than many US and European banks.

The issue, which was jointly placed by J Henry Schroder Wagg, Cazenove and Salamon Brothers, will raise its tier 1 ratio of 5.4 per cent by 50 basis points, and its total capital ratio of 10.7 per cent by a percentage point.

A sterling rather than a dollar issue is thought to have been chosen because of regulatory requirements in the US, and because dollar preference shares would only provide a limited hedge against currency movements.

Non-cumulative preference shares are counted by the Bank of England towards regulatory tier 1 capital because they are considered to carry investor risk. The issue was placed at a net yield of 7.375 per cent.

The shares lost 8p to 1229p.

Total Systems falls to £12,000

Slow economic recovery was blamed by Total Systems, the USM-quoted computer systems company, for a slump in pre-tax profits from £424,436 to £12,330 for the half year ended September 30.

Sales fell to £1.08m (£1.36m). Operating losses were £31,690 (£364,791 profits) but there was interest income of £44,020 (£59,745).

Earnings were 0.078p (2.85p) and the interim dividend is passed (1.5p last time).

Turkey Trust net asset value surges

Turkey Trust more than doubled net assets to 324.16p per share in the 12 months to October 31 1993, against 148.06p a year earlier.

After-tax revenue dropped to £356,000 (£601,000), giving earnings per share of 3.64p (6.13p). The recommended dividend is 8p (5p, including special 4p).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Birkby	int	1.2†	Jan 14	1	-	3.53
British Land	int	2.45†	Feb 25	2.28	-	7
Compass	fin	8.56†	Mar 25	8.11	13	12.3
Drayton Recovery	fin	4	Jan 31	3.95	8	7.95♥
Eve	int	3§	Mar 24	2.7	-	10
Fine Art Devs	int	3.3	Jan 26	3	-	12.75
Grainger Trust	fin	4.05	Feb 25	4.05	5.25	5.25
Great Universal	int	4	Mar 29	3.44	-	8.116
Hartstone	int	nil	-	2.8	-	2.8
Hicking Pent	int	1.55	Jan 6	1.35	-	4
Johnson Firth	fin	0.35	Feb 2	2	1.35	3
Kleeneze	fin	1	Apr 6	nil	1	nil
London Intl	int	nil	-	3.2	-	9.45
Lyons Irish	int	3.45‡	Jan 10	3.15	-	9.45
Moorgate Inv Tst	int	1.7	Feb 2	1.7	-	5.5
Moorgate Smaller	int	1.8†	Jan 28	1.8	-	4.28
Murray Ent'prise	fin	1.5	Feb 4	1.31	1.5	1.31
New Zealand Inv	fin	0.5	Feb 4	0.6	2.1	2.1
North West Water	int	7.67	Apr 6	7.13	-	21.4
Pilkington	int	1.5	Feb 18	2.93	-	4
Salvesen (C)	int	3.3	Feb 7	3.2	-	7.8
Scantronic	int	0.843	Jan 24	0.79	-	3.121
Scot Hydro-Elect	int	3.96	Mar 23	3.6	-	11.38
Seeboard	int	3.3	Feb 21	2.85*	-	10*
Stirling	int	0.55	Jan 21	0.5	-	1.85
Titon §	fin	2.8	Feb 18	2.57	4.2	3.7★
Total Systems §	int	nil	-	1.5	-	3
Turkey Trust	fin	3	Feb 25	1	8	5☆

Dividends shown pence per share net except where otherwise stated. †On increased capital. *Equivalent after allowing for scrip issue. §USM stock. ‡Irish pence. ★Includes special 0.13p. ☆ Includes special 4p. ♥Includes special 2p.

Slimma likely to raise £5m in new year float

By Paul Cheeseright, Midlands Correspondent

Slimma, the women's clothing manufacturer specialising in outsize garments, will seek a flotation in the new year.

Although no details have been settled, it is likely Slimma will aim to raise about £5m in a placing of new shares, sponsored and brokered by Henry Cooke Lumsden.

As the management – led by Mr Stephen Thwaite, and Yorkshire Bank Development Capital, Slimma's venture capital backer – intend to retain a majority of the enlarged capital, the group will probably be valued at about £12m.

Mr Thwaite led a management team which bought out two divisions of Tootal, part of the Coats Viyella group, in October 1991 for £3.3m.

Since then Slimma has expanded from one plant in Leek, Staffordshire. It has taken another factory in the same town and additional plants in Sandbach, Cheshire and Cannock, Staffordshire.

In two years its payroll has risen from 370 to 525 people.

If the placing is successful, Slimma will use the funds to broaden its clothing range from skirts and trousers partly to protect itself from other groups which are moving into the under-exploited outsize clothing market.

The funds would also clear residual bank debt taken on at the time of the buy-out. Gearing is about 50 per cent.

Slimma's accounts for the year to last September are expected to show pre-tax profits of more than £1m on turnover of up to £16m.

COMPANY NEWS: UK

Seeboard 9% ahead at £36m

By Michael Smith

Seeboard, the electricity distributor for the south-east of England outside London, yesterday warmed the market with news of a 1-for-1 scrip issua and a 16 per cent increase in the interim dividend.

Pre-tax profits for the half year to end-September were 9 per cent higher at £36.3m, up from a restated £33.2m, and earnings per share were 20.3p, 10 per cent ahead from 18.4p.

However, Mr John Quin, finance director, said that underlying growth, after stripping out the effects of restructuring costs, *was about 16* per cent both in profitability and earnings.

Unlike some regional companies, which have already reported dividend rises of up to 20 per cent, Seeboard did not attempt to rebalance dividend payments between the two halves of the year.

Sir Keith Suart, chairman, said the 16 per cent rise was *based on* performance and ability to pay. Analysts interpreted this as meaning 16 per cent was possible for the full year too.

The interim dividend of 3.3p (2.85p) is being paid on the increased capital.

Seeboard is the first regional electricity company to announce a scrip.

*Sir Keith said it would improve market*ability, particularly for small shareholders. "There are 200,000 small shareholders and we take them very seriously," he said.

In the opening six months turnover rose 2 per cent to £534m. The distribution business saw a 0.6 per cent growth in units and increased profits from £37.8m to £39.3m. Supply losses were slightly less at £6.7m (£6.8m). Retailing broke even on turnover of £27.1m whereas in the comparable period of last year it lost £300,000.

The company has £48m in the bank, compared with £6.1m in 1992 first half. Seeboard said that as a result of tight controls it would pay a rebate of about £8 to all domestic and quarterly hilled husineas customers during tba quarter beginning next April.

● **COMMENT**

Seeboard bore gifts yesterday for both shareholders and customers. The rebate to customers will on average match almost exactly the value added *tax the* government is imposing on domestic fuel bills from April. For shareholders the present is the scrip which is likely to increase the total value of holdings, if only marginally, and provides the company with a first among recs. Both moves are typical of a company which has always marketed itself effectively. But there is more than just show to Seeboard as a 6.4 per cent real reduction in controllable costs in tha half under review demonstrates. Contracting, which reported an operating loss of £200,000 was disappointing but the brake on outperformance for the shares is that they are already highly priced. If Seeboard pays out 23.4p for the full year the prospective yield is about 4.1 per cent, lower than most and possibly all other recs.

European recession leaves JFB at £3.06m

By John Murrell

The warning from the directors of Johnson & Firth Brown in August that second-half profits were expected to be below those of the first half was borne out yesterday.

The full year to end-September saw pre-tax profits of the specialist engineering group fall from £7.15m to £3.06m, including a second-half contribution of £996,000 – compared with the first half's £2.07m.

Earnings fell to 1.4p (3.3p) and a final dividend of 0.35p makes a total of 1.35p (3p).

The shares fell 2p to 36½p.

Acquisitions added £8.5m to total turnover of £130m (£124m) and £613,000 to operating profits of £4.83m (£6.94m). Interest took £1.77m (added £212,000).

The directors said the resnlts reflected a lack of demand in mainland Europe in markets that were of "increasing relevance" to the group.

They added that in addition to a generally weak economic environment, group companies experienced considerable pressure on margins.

European competitors were "increasing their export efforts outside Europe and attempting to win market share to maintain volume, almost regardless of margins."

The directors are reviewing the group's strategy with the intention of concentrating resources on a more tightly defined core of businesses.

The changes would take time to achieve and were not expected to benefit results in the near future. They saw little to encourage them that the current year would be "mnch different from last."

Hartstone drops to £0.4m but relief lifts shares 9p

By Peggy Hollinger

Hartstone Group, the hosiery and leathergoods company which is in refinancing talks after breaching banking covenants this summer, suffered a sharp drop in pre-tax profits from £10.5m to £428,000 in the first half.

The return was struck on a 14 per cent increase in sales to £185m (£162m), partly due to acquisitions. Profits were also depressed by a £179,000 currency loss, against a £3.4m gain previously.

The shares rose 9p on the news of the results, which were prepared on a going concern basis, to close at 42p.

The dividend is passed. Earnings fell from 6.7p to 0.3p.

Mr Shaun Dowling, the chairman appointed by banks in June, said refinancing talks were well advanced. He expected to make an announcement before the January 16 deadline for the standstill agreement.

He would not comment on details of the talks.

However, it is thought that Hartstone is already negotiating the sale of part of its business with potential buyers as part of the refinancing. A debt for equity swap is believed to be unlikely.

The company, which grew rapidly via acquisitions in the US and Europe, suffered from severe competition in the European hosiery markets in the first half and supply difficulties arising from its financing problems.

Mr Dowling said Hartstone had improved significantly since August by ceasing promotional activity, improving supply to supermarkets and pushing its three brands, Bear in the UK, Marie Claire in Spain and Well in France.

Tbe leatbergoods division was fuelled by strong growth from Etienne Aigner, which improved margins from 32.9 per cent to 39 per cent.

● **COMMENT**

The shares rose yesterday on relief that Hartstone had just squeaked by with a profit and even appeared more confident about its survival than in recent months. There is also likely to be a faint attraction on the dividend front for shareholders when and if the refinancing is concluded. But it is still too early to allow Hartstone off the speculative list. The refinancing is not complete and questions remain over how much Hartstone will have to sell to get off the hook. Furthermore, the price war in hosiery is far from over in continental Europe and the grim comments from Courtaulds Textiles leave many wondering how the struggling Hartstone can buck the trend. Forecasts range from £2m to £5m pre-tax for a multiple of between 13.5 and 16. Which ever way one looks at it, this is not a stock for tbe faint hearted.

Pilkington turnover up 16%

By Maggie Urry

Higber volumes, acquisitions, and the weak pound helped group turnover at Pilkington rise hy 16 per cent to £1.4bn in the half year to end-September, against £1.2bn.

Mr Andrew Robb, finance director, said better volumes contributed 7 percentage points of the gain and exchange gains made 6 percentage points. The £95m purchase of Heywood Williams' glass division added 4 percentage points, but lower prices cut sales by 1 percentage point.

Group operating profits rose from £44.1m to £57m, after exceptional profits of £300,000 (losses £1m). European glass profits fell from £23.8m to £16.5m, but those from North America bounced from £2.5m to £15.4m, helped by higher volumes and prices.

The Heywood Williams business contributed £3.4m to operating profits. The Sola spectacle *lens subsidiary, sold after* the period end, made a profit of £9.9m (£5.6m).

Mr Roger Leverton, chief executive, said capacity utilisation in Europe was about 88 per cent, after taking two float lines out for 3 and 4 months. Weak prices in continental Europe – down 6 per cent in Germany – bad prevented an 8 per cent rise in UK prices from sticking.

In North America, higher volumes bad increased capacity utilisation to over 90 per cent had enabled a 5.5 per cent price rise in June and a 6.5 per cent rise in November.

Profits from tbe southern hemispbere *rose from £19.1m* to £25.3m.

Cost cutting more than offset the effects of inflation on costs, and the group had taken £200m out of annual costs over three years, with a 20 per cent reduction in jobs.

Earnings were 0.4p (losses 0.8p).

Gloomy outlook hits Eve shares

Eve Group, tha USM-quoted civil engineering group, said that difficult trading conditions and pressures on margins was continuing, whila construction demand remained at a low level. In addition one of its subsidiaries bad incurred a significant loss.

The shares closed down 53p at 450p.

The company made the comments as it was reporting pre-tax profits for the six months to September 30 slightly down *at £2.51m* (£2.59m). Turnover came out at £32.9m (£27.6m). Earnings per share were 17.1p (18.3p).

Mr Roger Ames, chairman, said he was cautious about endorsing any expectations of an improvement in full year profits. However, the interim dividend is raised to 3p (2.7p).

Fine Art up 11% at £5.5m

By Peter Pearse

While pre-tax profits at Fine Art Developments, the mail-order and greetings cards group, increased 11 per cent from £4.95m to £5.51m in the six months to September 30, turnover declined almost 4 per cent from £120m to £115.4m.

The shares fell 18p to 556p.

The profits rise was helped hy reduced interest charges of £2.99m (£4.84m) – thanks to lower rates, said Mr Keith Chapman, chairman – and a £565,000 three-month contribution to operating profits from *James Galt*, the toymaker acquired in July for £13.5m cash. Also, last time there was a £2.17m profit from the sale of Fine Art's stake in Next.

Group operating profits on continuing operations was up 4.3 per cent to £7.94m (£7.61m).

The mail-order division, and Express Gifts in particular where sales were 9 per cent lower, had been constrained by the problems of consumer spending, said Mr Chapman – "there's an awful lot of concern out there". Excluding Galt, the division's sales fell 4 per cent to £54m.

Mr Chapman said that by next year Express' mail-order system would be "one of the most sophisticated and efficient" and would be ahle to dispatch personalised items along with other goods.

Fine Art had apent £1.5m more this time on "an aggressive marketing campaign" backing Express – some £15m was spent last year – though with less benefit than expected. The marketing strategy will be radically changed next time.

It was "a tough time for charities", said Mr Chapman. In this sector, sales fell 9 per cent as a result of the planned contraction in trading by Fine Art's largest customer. Excluding this one account sales were up 4 per cent. The particular charity has "reversed its decision and next year will seek to rehuild its volume", said Mr Chapman.

Sales of the cards and paper products division were £55m, also down 4 per cent. Hambledon Studios and Gallery Studios, the wholesale supply companies, continned to perform well.

The branded business of Britannia Prodncts had been the star performer, though its private-label side enconntered "problems of our own making", said Mr Chapman. By delaying order information, "we sbot ourselves in the foot and the warehouse systems didn't help either", he added.

The interim dividend is lifted to 3.3p (3p), payable from earnings per share of 4.87p (4.54p).

Low rainfall hits Scottish Hydro

By Michael Smith

Scottish Hydro-Electric yesterday increased its interim dividend by 10 per cent as it reported pre-tax profits at the lower end of expectations.

The 12 per cent profits rise, from £40.6m to £45.6m, follows unusually low rainfall which restricted its ability to generate hydro electric power.

However, Mr Roger Young, chief executive, said he did not expect the rain shortfall to affect its final dividend and the company expected to stick to its target of 6 to 8 per cent real growth for the full year.

That implies an 11 per cent increase at most, against market expectations for the recs of at least 14 per cent.

For the six months to September 30, Hydro increased operating profits by 4.4 per cent to £62.5m on turnover up 14 per cent to £343.8m. Earnings per share were 11 per cent ahead at 8.81p (7.93p); the interim dividend is 3.96p (3.6p).

Mr Young said low rainfall reduced pre-tax profit by about £1.6m from the normal level. Rainfall has remained low in the second half of the year.

Unlike Scottish Power, Hydro chose not to include the benefit of improved coal contracts in its half year results. The contracts are for five years, backdated to April.

The contracts would have increased pre-tax profits by about £400,000 but Hydro wants to finalise the deal before reporting the improvement. If, as seems likely, the deals are concluded by the end of the year, the full year effect will be about £1.2m.

Hydro has committed £89m to projects in England and Wales and by 1995, when the Keadby power station is expected to be operational, over 15 per cent of capacity will be in England.

Gearing fell from 20.6 to 14.9 per cent. If the effect of Keadby, which is not on the balance sheet, was included that would be 31.7 per cent.

Mr Young said gearing would rise to 18 per cent by the year-end, excluding Keadby, and 40 per cent including it.

Tony Andrews

Roger Young: gearing set to rise in company's second half

● COMMENT

It may sound like a lame excuse but Hydro has every right to blame its unspectacular performance on the weather. Only three years in the last 25 has rainfall been so low. Effects on the pre-tax rise are severe because last year's rain was unusually high. On fundamentals Hydro is doing well enough, and the policy of using the balance sheet to provide future unregulated earnings in England and Wales is sound. Hydro also faces less regulatory threat than regional power companies south of the border. Assuming a 12.5p full year dividend, the shares are on a prospective yield of 3.6 per cent following yesterday's share price fall. The potential problem for Hydro, as for Scottish Power, is that investors may be more tempted by the higher yielding English generators if the regulator decides against referring the English generators to the MMC.

Kleinwort plans trust for European privatisations

By Philip Coggan, Personal Finance Editor

Kleinwort Benson is planning to launch the first investment trust to specialise in European privatisation shares.

The trust, which is expected to be launched in January, will give the private investor a chance to participate in the forthcoming slew of continental privatisations.

European governments are expected to raise between $100bn and $150bn (£101bn) over the next five years via privatisation issues, with France, Italy and Spain in the vanguard.

Issues are also expected from former Iron Curtain countries.

Kleinwort argues that in an era of low inflation and low economic growth, companies which can rationalise and cut costs are likely to have above average potential for profit growth. Companies which are emerging from the public sector are likely to have more scope for efficiency gains.

For private investors the procedure for investing in an overseas privatisation issue can be complex. An investment trust is also likely to have more success in getting allocations.

The trust is likely to have a simple capital structure and to be launched via a public offer.

Because most of its portfolio will be in the European Union, the fund will qualify for a personal equity plan status.

● Applications for shares in Kleinwort's Second Endowment Policy Trust have had to be scaled down after the public offer was 3.18 times subscribed. Applications for 1,000 shares will be met in full. Those who applied for between 2,000 and 90,000 shares will receive 1,000 shares plus 15 per cent of the amount applied for; those who applied for more than 100,000 shares will get 1,000 shares and approximately 12.6 per cent of the shares they sought.

Stirling shares drop on setback

Losses in the import division and a £600,000 provision against property values left Stirling Group, the Marks and Spencer clothing supplier, with pre-tax profits of £223,000 for the six months to September 30, against £1.37m.

The company said that the import division had been hit by the acquisition of Boftex, the loss of a large shirt importing contract and larger than expected reorganisation costs.

On turnover of £8.2m (£7.9m) there was an operating loss of £708,000 (£414,000 profit).

The shares fell 10p to 59p.

Group turnover was £46.7m (£45.6m). Losses per share were 0.06p (1.07p earnings). The interim dividend, however, is raised to 0.55p (0.5p).

LIG warns on restructuring

By Maggie Urry

New management at London International Group appear to have taken the opportunity of yesterday's interim results to clear the decks.

The group predicted a "much stronger level of sales and operating profits in the second half year" although warning there would be "very substantial" restructuring charges.

For the six months to end-September losses of £5.1m before tax (profit £15.5m) included a £7.4m swing to losses in its photo-processing business, which is now up for sale, and about £8m of "one-offs" according to Mr Nick Hodges, the new chief executive.

Group sales rose 1.2 per cent to £197.1m but operating profits collapsed to £2.4m (£22.4m).

In health and personal products, operating profits fell from £16.1m to £3.5m, while photo-processing incurred a deficit of £1.1m (profit £6.3m). The latter normally makes most of its profits in the summer months.

LIG revealed that the comparable figures had included £5m of exchange gains and from the release of provisions not previously disclosed.

This year's number had been depressed by about £2m following "the adoption of more conservative accounting practices".

Mr Hodges said there had also been a negative effect from a change of the policy to push sales, through higher promotional activity, at the end of each half year.

He said this would have a significant effect on the second half too, but thereafter would not recur and would reduce working capital.

The UK made a loss of £1.5m (profit £8.6m) largely because of the photo-processing division. In the rest of northern Europe there was a £100,000 loss (profit £1.5m). In southern Europe, where LIG was hit by recession in Italy and a cut back in the government's drugs bill which reduced customer flow in pharmacies, profits fell from £6.9m to £2.4m.

North American profits were £200,000 (£2.5m) with Africa, Australasia and the Far East contributing £1.4m (£2.9m).

Losses per share emerged at 4.33p (earnings 6.37p) and the interim dividend is omitted – 3.2p was paid previously.

Property groups worth over £1bn seek listings

By Christopher Price

Several private property companies are in discussions for a Stock Exchange listing in the new year with a potential total market value of about £1bn.

The moves are being fuelled by investor enthusiasm for the property market, the slow recovery of which earlier this year has accelerated rapidly in recent months.

Expected to lead the way is Pillar Properties, the former fund management vehicle which has property investments totalling some £200m. Analysts said a further £100m is likely to be added before flotation.

Argent Group is also said to be taking soundings from stockbrokers and advisers. It has substantial investments totalling £230m in central Birmingham and elsewhere. Several other smaller companies are said to be in discussions.

Growing direct institutional investment in selected properties has been matched by investor appetita for listed property companies. Many shares have reached, and in some cases passed, their pre-recession highs.

Mr Elliott Bernerd, chairman of Chelsfield, the property company which is seeking a listing, said investor enthusiasm for property issues remained strong. "In all our presentations prior to the offer, the attitude of investors was extremely enthusiastic."

However, with banks remaining cautious over lending on other than the most prestigious and secure developments, private funds for the property market remain limited. "The only way forward for the medium-sized private company is to float," said one analyst.

Mr John Slade at Richard Ellis, the property agent, said: "They are positioning themselves for the next boom, and now is the ideal time. It is the only way they will get bigger."

As the market has recovered, the listed companies have taken advantage by raising axtra funds through rights issues. More than £1.5bn has been tapped from shareholders this year. "Private companies being denied this facility have not had the same flexibility of investment."

Mr Peter Freeman, chief executive of Argent, said: "The banks have been quite willing to borrow on properties with long leases, strong rental stream and blue chip tenants, but beyond that they are still relatively unreceptive."

He added that if a property company wanted to go outside that remit and consider developing, other sources of finance had to be considered.

Demand for the well-let central London office block remained strong, with institutions particularly keen to use it as an alternative investment to bonds. Shopping centres, as well as small prime shop units offering good yields were also being targeted.

Mr Brian Jollee, managing director of Capital and Counties, the property arm of Trans-Atlantic, the insurance concern, said he was not surprised at the level of interest in companies seeking a listing.

"The stock market is valuing property companies at a premium to their net asset values at the moment after being at a huge discount earlier this year." Mr Jollee denied market rumours that his division is to be floated.

Mr Humphrey Price, chairman of Pillar, said yesterday that a flotation was "one option under review," but declined to give any other details.

Chelsfield price set at 155p

By Paul Taylor

Shares in Chelsfield, the private property company led by Mr Elliott Bernerd which is coming to market through a placing and intermediaries offer, were priced at 155p each yesterday, valuing the group at £242.5m.

A total of 32.3m shares are being issued under the placing and intermediaries offer sponsored and underwritten by Hambros Bank. Of these half have been placed firm with institutional investors and the remainder have been placed subject to recall to satisfy valid intermediaries applications.

A further 25.7m shares are being sold to existing investors in order to raise £39.8m before expenses. In addition, Chelsfield has agreed to acquire a portfolio of properties from Allied-Lyons Pension Fund for £30.6m, of which £15.3m will be in the form of new shares.

Dealings in the new shares are expected to begin on December 21.

COMPANY NEWS: UK

Compass lifted by acquisitions

By David Blackwell

Compass Group, the healthcare and catering group, yesterday announced a sharp rise in both profits and turnover for the year to September 26 on the back of recent acquisitions.

Pre-tax profits rose by 31 per cent to £41.5m, compared with £31.8m.

Turnover was ahead 44 per cent at £497m, including a contribution of £156.2m from acquisitions, mainly reflecting the purchase in July of SAS Service Partner's airport catering business via a rights issue, and last November's acquisitions of Travellers Fare, the station caterers, and Letheby & Christopher, the sports and events caterer.

Turnover from continuing operations fell from £345.1m to £340.8m. The group attributed the decline to continued "demanning" in the UK because of recession.

Operating profit from continuing operations rose from £36.9m to £39.4m. A contribution of £7.4m from acquisitions took total operating profit to £46.8m.

Mr Francis Mackay, chief executive, said the full benefits of the acquisitions had yet to be seen as purchasing and other affinities were sorted out over the next year or so. "All the acquisitions have performed well. There are no skeletons or black holes and we have not lost a single contract in all the business we have brought on board."

Last December Compass reorganised its catering activities into seven divisions which target core markets from schools to boardrooms. The New Famous Foods division, which has agreements with Burger King and Pizza Hut, is designed to offer clients branded catering outlets.

Earlier this month Compass paid £900,000 for the 11 catering contracts managed by the Roux brothers. Mr Mackay described the deal as the "final piece of the jigsaw" in the group's new strategy.

"We have created a unique catering company with enormous potential in all market sectors. We are capable of expanding the business and we have the wherewithal to do it," he said yesterday.

UK catering profits were up from £24.5m to £30.6m, overseas catering profits from £100,000 to £3.1m, and healthcare profits from £12.3m to £13.1m.

Interest payable edged ahead from £5.1m to £5.3m. Adjusted earnings per share rose from 33.1p to 35.9p; a final dividend of 8.56p is proposed, giving a total for the year of 13p (12.3p).

● **COMMENT**

These results were very much in line with expectations. Next year will depend on how well the group digests its acquisitions, and on the rate the contract catering market expands in the UK. The group has a toehold in Europe through the airport catering business and the City will be watching to see how well it tackles expanding its business outside the UK. Growth in the healthcare sector is likely to be slow for the next couple of years. Profits of £53m next year give a prospective multiple of 14.8, making the stock an undemanding hold.

Kleeneze makes £1m and pays 1p dividend

By Nigel Clark

Kleeneze Holdings, the home shopping company, reported profits of £1.06m for the year to August 31, compared with losses of £456,000, restated for FRS 3.

The company is returning to the dividend list with a recommended final payment of 1p paid from earnings per share of 3.08p (3.18p losses).

Turnover was £56.6m (£46.4m), of which £2.92m (£6.14m) related to discontinued activities.

Continuing sales were split between Innovations £35.3m (£31.8m) and the direct sales division £18.3m (£8.61m).

The company said that its "shrink to grow" strategy was complete.

During the period it sold Molly Housewares, Kleeneze Hygiene and Dalton Young, giving a total profit of £470,000, which was taken above the line, and acquired Stockingfillas and 50 per cent of Hawkshead.

Operating profit was £724,000 (£155,000 loss) including losses of £291,000 (£254,000) from discontinued activities.

Since the end of the year Kleeneze has announced the intention to sell 50 per cent of The Leading Edge and has bought Xtend from the George Davis Corporation.

The company said the first quarter's sales in the direct selling division continuing to grow strongly.

Innovations catalogues were enjoying their best level of response in three years.

Scantronic restricted by high component prices

By Paul Taylor

High semiconductor chip prices held back the first-half profits advance at Scantronic Holdings, the security components manufacturer and distributor, despite a 10 per cent gain in core UK sales reflecting new product launches.

Pre-tax profits were virtually unchanged at £1.59m in the six months to September 30, compared with £1.55m, on turnover ahead 12 per cent to £20.8m (£18.5m).

Mr Chris Brookes, chief executive, said high component costs in the first half, related to a fire at a Japanese resin plant in the summer, had squeezed margins and adversely affected performance. However, he said chip prices had since subsided and margins had now returned to previous levels.

Overall operating profits edged higher to £1.77m (£1.71m) while net interest charges increased to £175,000 (£167,000).

The UK operations reported reduced operating profits of £1.49m (£1.6m) on turnover which grew to £12.4m (£11.3m).

Since the end of September the group has acquired the Alarmexpress wholesale distribution business which is expected to broaden the UK customer base and contribute to profits in the second half.

International operations, mainly in continental Europe, reported slightly higher operating profits and turnover. The North American operations again showed a small operating loss but turnover grew strongly to £4.93m (£3.97m) reflecting an additional £800,000 spent on sales and marketing, and they are expected to be profitable in the current half.

Earnings per share edged up to 1.88p (1.84p) and the interim dividend goes up from 0.79p to 0.83p.

The group also restated its latest full year results to comply with FRS 3.

In particular a £1.5m charge previously reported as an extraordinary item – mainly related to a damages claim against the former owner of Arrowhead, a US acquisition – has been reclassified.

As a result the pre-tax profit for the year to March 31 has been restated to £1.59m with losses per share of 0.3p.

Enterprise Computer back in the black

Enterprise Computer Holdings, the Berkshire-based computer services group which has repositioned itself in the market, has returned to profit after a period of substantial losses.

The pre-tax profit of £90,000 for the six months to September 30 included £677,000 from the disposal of an investment in an associated company. The previous first half suffered a £3.41m deficit and the loss for that year came to £6.03m.

Turnover for the latest six months fell to £9.9m (£35.5m) earned entirely from mainframe sales and service. Last year's figure also included £6.63m from operations now discontinued.

Mr John Small, chairman, said the sales decline reflected "the general fall in demand for second-user mainframes." However, the group's change of focus towards providing corporation-wide network systems meant that mainframes represented less than 30 per cent of sales.

Interest payments jumped to £286,000 (£51,000) but the company said they were running at a much reduced level than in the second half of last year.

Losses per share were shaved to 0.02p (4.3p).

Mr Small added that SRH, in which Enterprise is a minority shareholder, was selling its communications division to TSB International of Canada. Consequently a £3.5m loan owed to Enterprise would be redeemed early in 1994.

Titon moves ahead to £2m in difficult market

Titon Holdings, the building products maker, reported pre-tax profits slightly ahead at £2m for the year to September 30, against £1.94m.

The USM-quoted company said despite the continued fragile state of the building industry, sales had risen from £10.8m to £11.3m. The window refurbishment and replacement market had been the strongest.

The pre-tax figure was struck after a £125,000 provision against a bad debt and lower interest income of £170,000 (£182,000).

Earnings per share were 12.07p (11.69p) and the proposed final dividend of 2.9p leaves an increased total of 4.2p (3.7p).

NEWS DIGEST

Hicking Pentecost up to £2m

Hicking Pentecost, the textiles and industrial products group, lifted pre-tax profits from £1.65m to £1.98m in the six months to September 30. Turnover was £18.2m, against £13.6m.

Earnings per share, after an increased tax charge, were 8.9p (7.73p) while the interim dividend is 1.55p (1.35p).

Mr John Lister, chairman, said that all businesses within the textiles and industrial products divisions were trading profitably and the group was benefiting from strong order books.

Birkby shows sharp advance to £581,000

Steady progress in its three key business areas enabled Birkby, which is involved in the provision of managed workspace, vehicle hire and instalment credit, to lift interim profits from £204,000 to £581,000 pre-tax.

The results for the six months to end-September included a three months' contribution from Hill Hire, the full benefit of which will be apparent in the second half.

They also took account of an exceptional provision of £525,000 relating to the disposal of New Range Systems. Turnover was £5.24m (£2.2m).

The interim dividend is lifted to 1.2p (1p) from earnings of 6.6p (4.8p). Directors intend to recommend a "substantially increased" final dividend should the current positive level of trading continue.

Murray Enterprise net assets jump

Murray Enterprise, the investment trust which now focuses on smaller listed companies, achieved an improvement in net asset value per share from 124.63p to 248.84p over the 12 months ended September 30.

The improvement was principally due to an investment in Nextel Communications of the US, which rose in value over the year from £4.9m to £8.1m.

Available revenue fell from £126,000 to £64,000. Earnings emerged at 0.53p (0.94p) assuming full conversion of the loan stock.

A single dividend of not less than 1.5p (1.31p) would be payable if all the loan stock was converted by December 31. Should no loan stock be converted the dividend for the year would be 1.9p.

For the 1993-94 year the board is forecasting a dividend of not less than 4p. A proposed 1-for-1 scrip issue would reduce that payment to 2p.

Premier Land incurs £719,000 loss

In his first report as chairman of Premier Land, formerly Vizcaya Holdings, Mr Desmond Bloom told shareholders that the group had completed the transformation to a property investment concern and that all mining interests had been fully divested.

For the nine months ended September 30 the group incurred a pre-tax loss of £719,000, equal to 0.85p per share. There was a comparative loss of £1.46m for the previous year which related only to the discontinued mining operation.

Mr Bloom pointed out that the group's portfolio has been valued at more than £40m and annual rent roll is currently £3.85m.

Swithland receiver sells offshoot

The personnel subsidiary of Swithland Group, the new and used car dealership which went into receivership in November, has been sold to its management.

Mr Myles Halley, of KPMG Peat Marwick, administrator to Swithland, yesterday announced the sale of Purple Triangle, which trades as JR Personnel.

Ms Juliette Ridewood, managing director, originally owned the Loughborough-based personnel recruitment and training specialist which became a subsidiary of Swithland in 1990.

Swithland went into receivership with debts of £17m shortly after it failed to float on the Stock Exchange.

Norex Corp makes agreed bid for Norex

Norex Corporation, an investment holding company, has made an agreed bid for Norex, which invests in oil and gas companies and operates a travel agency. The 200p a share cash offer, which values Norex at £18.8m, will be made through Carnegie International.

Norex Corporation currently owns 4.03m ordinary Norex shares, representing about 43.3 per cent of the capital.

River Plate General capital assets rise

Net asset value per capital share of River Plate and General Investment Trust improved from 79.8p to 166.7p over the year to October 31.

Available revenue was static at £4.81m (£4.84m), equal to earnings per income share of 8.95p (9p). A final dividend per income share of 5.9p makes a same-again 8.9p total.

Genesis Chile net assets at $29.24

Genesis Chile Fund net asset value was $29.24 at September 30, against $24.83 a year earlier. Net revenue was $5.27m (£3.53m), against $4.89m, for earnings per share of 64 cents, compared with 60 cents.

The dividend is raised to 60 cents (56 cents).

Vardon pays £3.5m for two attractions

Vardon, the visitors attractions and bingo group, has bought the Kingdom of the Sea attractions in Hunstanton and Great Yarmouth, Norfolk, for £3.5m.

The kingdoms were opened in 1989 and 1990 as Sea Life centres under a franchise agreement which was terminated in 1991. Since then they have been operated independently of Sea Life by Pleasureworld.

During 1992 the two centres attracted 370,000 visitors, and made pre-tax profits of £288,000, after costs of £153,000.

Gt Portland chief sells shares

Mr Richard Peskin, chairman and managing director of Great Portland Estates, sold on Tuesday 750,000 shares, representing a little more than 25 per cent of his holding in the company. The shares were placed by Cazenove at 225p.

Mr Peskin said he had no intention of selling any further beneficial shares within the next 18 to 24 months. He and his family still retain a holding of more than 2.1m shares.

COMMODITIES AND AGRICULTURE

Aluminium prices resume uptrend

By Our Commodity Staff

Rumours yesterday of a Russian smelter closure and buying by New York investment funds sent the London Metal Exchange aluminium price bouncing up to its highest level for two months.

Fund buying in the morning was probably stimulated by the buoyancy of othar metals prices this week, analysts said. But it was met by aggressiva selling by producers.

Tben came widespread rumours that the Krasnoyarsk smelter in Russia, an 800,000-tonnes-a-year monster and the biggest in the world, was to close and be refurbished. Kaiser Aluminium of the US is known to be working on a $50m project to upgrade about 90,000 tonnes of capacity at the smelter. There was no confirmation of the total closure rumour so the market then concentrated on suggestions that the smelter involved was the smaller Novokuznetsk plant in Siberia. VAW of Germany has said It will help modernise this 280,000-tonne-a-year plant in stages.

Mr Angus MacMillan, research manager at Billiton-Enthoven Metals, said the market reaction – short-covering sent the three-month aluminium price to $1,138 a tonne – was "a bit overdone." By the close the price had eased to $1,127.50 a tonne, up $26.75.

Doubts surround Indian oil expansion

Fears are growing about excess capacity, writes Shiraz Sidhva

India is planning a US$30bn expansion of its oil refining and petrochemicals industries as part of its wide-ranging programme to modernise its economy.

Undaunted by the recession in world oil and oil-product markets, the Indian government and private companies are planning to invest Rs500bn ($16bn) In existing and new refineries, to add 63m tonnes of capacity to the country's current total of 52m tonnes. They also plan to spend Rs240bn on nine new petrochemical ventures and double output of petrochemicals products to about 6.3m tonnes a year by the late 1990s.

The total proposed outlay is greater than for any other sector except power. Most of the investment will be funded by Indian money.

Mr Anil Ambani of Reliance Industries, a petrochemicals and textiles group, which is the first company in the private sector to obtain government approval to build a grass-roots refinery, says "the government will not be able to wave a magic wand and change the industry overnight, but at least they have started moving in the right direction".

The government believes the investments will help ease India's critical shortage of home-grown energy as well as greatly increasing supplies of oil-based industrial raw materials such as feedstocks for plastics and artificial fibres.

But critics believe that if a substantial number of projects go ahead India could be saddled witb expensive excess capacity in industries that already have plenty of capacity world-wide. They point out that oil-based industries are protected by stiff import duties and benefit from high government-controlled prices, without which the projects could be unviable. "There's every likelihood there will be excess capacity," admits one senior government official.

The surge of private investment is highlighted by the government's recent clearance of Reliance's 9m-tonne, $3bn refinery project at Jamnagar in Gujarat, which will be the first for 11 years. The government has also cleared five other refinery projects – three in the public sector and two private. The nine new petrochemicals projects include Reliance's Rs40bn ($1.27bn) natural gas liquid/naphtha project at Hazira, Gujarat, and the state-run Gas Authority of India's Rs35bn project in Auriya, Uttar Pradesh.

These plans are a radical departure for India, which until the late 1980s retained tight government control over the industry, partly to promote traditional materials such as wood and clay. The government now regards oil-based products as an essential part of a modern economy and wants to cut imports of petroleum-based materials. Private companies are being called upon to invest because of the shortage of public funds.

India's oil fields produce only about a third of its requirements and petroleum topped the country's import list in 1991-92, accounting for $5.4bn or 27.7 per cent of the total.

The country also has a vast potential demand for petroleum products. Per capita energy consumption of 231kg of oil equivalent is less than half of China's and a fifth of the world average. Its annual consumption of plastics at 1kg a head is way below the world average of 16kg. Demand for petroleum products is expected to grow at a rate of 6.9 per cent a year, from 62m tonnes in 1993-94 to 80m tonnes by 1996-97.

The euphoria generated by liberalisation may be short-lived, however. Industry watchers say recession, coupled with excess capacity in many countries around the world, has led to a sharp decline in the prices of petrochemical products. Indian companies, which will have to rely on exports to bolster their profits once domestic demand slackens, will find it difficult to survive in an already overcrowded marketplace.

Moreover, new producers may be unable to rely on the high administered prices that the industry currently enjoys. The government is steadily dismantling price controls – last month it liberalised the prices of lubricant oils. The profitability of the planned investments will depend critically on how future price decontrol is managed.

Indian producers will also suffer competitive disadvantages on the world markat. Finance is scarce and capital costs are high; labour costs are low, admittedly, but refineries and petrochemicals plants are capital- not labour-intensive. In addition, infrastructure like pipelines and ports are inadequate and will have to be expanded, at substantial cost. Electric power is in short supply and tariffs are considerably higher than in other countries. Duties on imported capital equipment add to costs.

The industry will face increasing foreign competition from low-cost production centres such as the Middle East and Singapore as import tariffs decrease. The sector will be crippled unless planned duty reductions are carefully co-ordinated with changes in domestic prices for products and inputs like power.

Mr Ambani warns that the industry could "perish overnight" if the government does not take adequate steps to co-ordinate reforms. "The government will have to reconsider feedstock and energy prices, which are very high, and make it difficult for Indian industry to compete internationally," be says.

"Mr KK Mathur, a senior official at the ministry of chemicals and fertilisers, says: "We have to allow for a certain adjustment process and introduce the reform process in phases. The total impact of the reform measures can only be assessed over a period of time. It is imperative that we do not force the pace".

Exploration pays golden dividend for Ashanti

By Kenneth Gooding, Mining Correspondent in Obuasi, Ghana

Ghana's Ashanti Goldfields, after more than 100 years of operation during which it has produced in excess 21m troy ounces of gold, is poised for a substantial expansion, according to Mr Sam Jonah, the company's managing director.

He says that this probably makes Ashanti unique in the gold mining world and that "there is no reason why this mine should not go on producing 1m ounces a year for the next 50 years, particularly now we have an aggressive exploration programme for the first time in our history".

The company's US$300m, four-year expansion programme is already ahead of schedule to take annual output – which dwindled to only 220,000 ounces in 1987 but rebounded to a record 765,250 ounces in 1992-93 – to more than 1m ounces by 1996. That would place Ashanti among the world's top ten gold producers.

The recent boost to exploration efforts has paid off handsomely.

A number of new and promising gold deposits have been located within the company's concession area, about 180 miles north of Accra, the capital, including one called Bekansi that already has an identified potential resource of some 32,000 ounces of gold but continues across the western border of the company's concession of 200,000 square kilometres.

Ashanti has applied to the Mining Ministry for a licence to extend its operations on to the adjoining concession – which would add another 169,000 square kilometres for it to explore.

The company is hopeful that the licence will be granted in the middle of next month, just ahead of its flotation on the London and Ghana stock exchanges early next year.

Mr Joe Amanor, Ashanti's chief geologist, suggests that, as well as having about 21m ounces of gold in reserves of various categories, Ashanti's potential resources are at least 31m ounces and possibly as much as 50m.

Since 1969 Ashanti has been jointly owned by the Ghanaian government, with a 55 per cent stake, and Lonrho, the London-based conglomerate that also manages the mine. The government hopes to raise about US$250m by selling 25 per cent of Ashanti. Lonrho says, however, that as mining is one of its core businesses it has no intention of selling a single share.

Mr Jonah makes it clear that, once Ashanti gains more financial flexibility via the flotation, it intends to become much more like a traditional mining house by developing operations both elsewhere in Ghana and also beyond its borders.

Its ownership has forced Ashanti to raise loans for expansion – a banking consortium lead by the International Finance Corporation, the private sector arm of the World Bank, put up $140m towards the present programme – and Mr Jonah suggests that this has "shackled" the company financially.

"Banks are not very willing to grant loans against assets on which other banks have prior charges," he explains.

Nevertheless, Ashanti is sitting on one of the richest and highest-grade gold deposits in the world and this has enabled it to remain highly profitable and to pay dividends.

The 1992-93 profit is still be audited and adjusted for the flotation by auditors Price Waterhouse, but the trend is clear.

Accounts drawn up for the year to September on the same basis as those for the previous 12 months would show a net profit of about 65bn cedis ($109m) against 27.2bn cedis the previous year.

Mr Jonah points out that the expansion programme is allowing Ashanti to mine ore of a lower grade (rock with less gold per tonne in it). "We are concentrating on volume and on keeping the cost per tonne down." Consequently, even though Ashanti is mining lower-grade ore, its cash costs, which were above $300 an ounce before the expansion started, should average $175 for the next few years, placing the company among the world's lowest-cost gold miners.

Sam Jonah believes "there is no reason why this mine should not go on producing 1m ounces a year for the next 50 years"

Anglo in Malian project

By Philip Gawith in Johannesburg

Anglo American Corporation is to develop a $200m open pit gold mine in Mali in partnership with the Mali government and Iamgold, the Canadian concession holder.

Anglo, South Africa's largest mining house, announced yesterday that a feasibility study of the "world-class" deposit at Sadiola in south-western Mali had been completed and said it hoped to start development early in 1994. A business vehicle will be formed by Anglo, Iamgold and the Malian government – in the ratio 40:40:20 – to undertake the development.

Mr Neville Keys, projects director at Anglo's New Mining Business division, said the mine was expected to be a cheap producer. The pit is shallow, the grade is good, 3 grammes a tonne, and there are no metallurgical complications – the gold will be recovered by conventional carbon-in-pulp technology. The mine has more than 5m tonnes of treatable ore and, at an annual mining rate of about 4m tonnes, should have a life-span of about 13 years. Peak production will be about 11-12 tonnes of gold a year, with total production of 118 tonnes anticipated over the life of the mine.

Mr Keys said that although the project was not technologically complex, sparse infrastructure made it logistically challenging. Accordingly the group is cautious about how soon the project will be operational, though it is contractually bound to be commissioned by the beginning of 1997.

Agreement was reached just over a year after Anglo signed the initial option agreement with Iamgold. Mr Keys said Anglo would be looking to finance its stake in the project mostly through offshore loans. He said it was a good project and maximum project finance was being sought.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE (Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1027.5-28.5	1127-28
Previous	1080-80.5	1100.5-01
High/low		1138/1108
AM Official	1099-100	1119-19.5
Kerb close		1127-28
Open int.	273,874	
Total daily turnover	63,892	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	963-65	987-89
Previous	949-51	973-75
High/low	956	990/978
AM Official	955-58	979-81
Kerb close		985-90
Open int.	2,552	
Total daily turnover	410	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	456.5-57.5	470-71
Previous	447.5-48.5	461-62
High/low		473/455
AM Official	447-48	460.5-61.5
Kerb close		468.5-70
Open int.	29,996	
Total daily turnover	5,863	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	4990-95	5048-50
Previous	4960-70	5020-25
High/low		5060/4970
AM Official	4950-54	5010-11
Kerb close		5040-50
Open int.	49,981	
Total daily turnover	8,765	

■ TIN ($ per tonne)

	Cash	3 mths
Close	4735-40	4785-90
Previous	4755-65	4810-20
High/low	4730	
AM Official	4810/4770	4780-82
Kerb close		4770-80
Open int.	18,009	
Total daily turnover	2,666	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	983.5-84.5	1001-02
Previous	980-81	998-99
High/low	977.5	1006/991
AM Official	977-78	995-96
Kerb close		1001-02
Open int.	87,421	
Total daily turnover	17,772	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1677-73	1699-99.5
Previous	1674-75	1697-98
High/low	1676.5/1676	1705/1696
AM Official	1676-76.5	1698.5-99
Kerb close		1696-97
Open int.	213,731	
Total daily turnover	58,908	

■ LME AM Official £/$ rate: 1.4930

LME Closing £/$ rate: 1.4845

Spot 1.4949 3 mths 1.4863 6 mths 1.4826 9 mths 1.4786

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open int	Vol
Dec	76.60	-0.10	76.90	76.50	2,473	282
Jan	76.70	-0.35	77.00	76.70	1,529	20
Feb	77.00	-0.30			990	3
Mar	77.25	-0.35	77.75	77.10	44,875	3,418
Apr	77.45	-0.35	77.60	77.60	533	2
May	77.65	-0.30	78.10	77.55	7,500	436
Total					70,760	4388

PRECIOUS METALS

■ LONDON BULLION MARKET (Prices supplied by N M Rothschild)

	$ price	£ equiv.
Gold (Troy oz.)		
Close	382.60-383.00	
Opening	382.50-383.00	
Morning fix	382.50	256.196
Afternoon fix	382.50	256.076
Day's High	383.50-383.90	
Day's Low	381.60-382.20	
Previous close	383.00-383.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.70	6 months	2.73
2 months	2.69	12 months	2.81
3 months	2.71		

Silver Fix	p/troy oz.	US cts equiv.
Spot	333.50	497.25
3 months	337.45	501.25
6 months	341.35	505.30
1 year	348.85	514.40
Gold Coins	$ price	£ equiv.
Krugerrand	384-387	256-259
Maple Leaf	393.95-396.40	
New Sovereign	88-91	59-61

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	382.6	-1.2	383.6	381.8	1,028	413
Jan	383.4	-1.3			1	8
Feb	384.4	-1.3	385.7	383.5	86,554	50,001
Apr	386.2	-1.3	387.6	385.5	12,170	1,292
Jun	388.1	-1.3	389.4	387.4	29,728	640
Aug	390.0	-1.3	390.0	389.5	5,515	19
Total					152,187	82,718

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	380.8	-2.1	378.5	378.5		
Jan	381.8	-2.1	384.5	381.8	10,247	3,071
Apr	383.2	-2.2	386.0	383.0	6,063	1,085
Jul	384.2	-2.2	386.5	386.0	1,522	213
Oct	385.8	-2.2			170	2
Jan	386.3	-2.2			5	
Total					18,137	

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	126.75	-1.45	127.00	127.00	46	22
Mar	125.75	-1.45	128.00	126.70	3,605	560
Jun	125.50	-1.45	127.50	126.00	696	19
Sep	125.00	-1.45			52	1
Dec	124.00	-1.45			13	
Total					4,412	541

■ SILVER COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	203.8	-1.8	287.1	285.5	605	289
Jan	204.3	-0.8	203.3	204.0	29	3
Mar	294.7	-0.6	295.7	294.0	1	
May	294.6	-0.4	295.0	294.0	56,267	25,890
Jul	294.8	-0.4	295.0	294.1	8,713	565
Aug	294.0	-0.4	294.5	294.0	10,481	254
Total					108,636	1,808

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	14.50	-0.09	14.85	14.47	98,221	49,477
Feb	14.60	-0.10	15.15	14.78	79,739	35,881
Mar	15.14	-0.09	15.45	15.12	43,787	12,614
Apr	15.45	-0.05	15.68	15.43	22,629	8,720
May	15.73	-0.02	15.95	15.72	21,327	4,389
Jun	15.98	-0.03	16.15	15.95	37,762	5,973
Total					436,183	119,698

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	13.57	+7	13.79	13.51	82,446	19,783
Feb	13.77	0	13.99	13.73	35,769	12,729
Mar	14.02	-3	14.21	13.97	16,142	3,744
Apr	14.22	-4	14.47	14.22	10,506	1,005
May	14.50	-4	14.72	14.50	4,867	140
Jun	14.71	+1	14.91	14.77	8,059	352
Total					182,981	35,893

■ HEATING OIL NYMEX (42,000 US galls; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	43.90	-20	44.70	43.60	73,139	20,586
Feb	44.99	-13	45.70	44.80	29,820	8,247
Mar	45.65	-13	46.35	45.60	20,007	1,808
Apr	45.60	-5	45.85	45.55	17,403	3,497
May	45.50	-5	46.10	45.55	21,520	3,164
Jun	45.60	-5	46.20	45.70	10,175	2,097
Total					194,276	50,280

■ GAS OIL PE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	143.00	+100	144.75	142.25	15,889	10,024
Jan	143.00	+100	144.75	142.25	36,062	10,526
Feb	143.50	+75	145.50	143.25	21,351	1,570
Mar	144.00		145.00	143.50	15,790	1,799
Apr	144.25	-50	146.25	144.00	9,038	588
May	144.25	-100	146.75	144.00	3,418	250
Total					119,816	25,929

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	1.935	0.047	2.000	1.915	23,853	11,132
Feb	1.875	0.025	1.920	1.870	16,273	3,064
Mar	1.865	0.015	1.890	1.850	11,918	2,729
Apr	1.860	0.015	1.880	1.850	10,445	2,241
May	1.865	0.005	1.900	1.865	7,606	1,429
Jun	1.865	0.010	1.910	1.865	5,876	682
Total					129,630	28,895

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	0.4020	-5	0.4080	0.4000	64,532	16,170
Feb	0.4205	-12	0.4270	0.4190	25,718	9,815
Mar	0.4350	-15	0.4410	0.4335	15,154	2,058
Apr	0.4665	-20	0.4735	0.4665	18,244	1,737
May	0.4780	-25	0.4835	0.4760	21,886	2,202
Jun	0.4850	-30	0.4865	0.4850	6,075	1,791
Total					155,638	34,325

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	101.20	-0.15	101.15	101.00	1,140	49
Mar	102.35	-0.20	102.40	102.10	1,367	73
May	103.90	-0.25	104.00	103.95	1,560	3
Jul	104.80				118	
Sep	91.10				71	
Nov	92.05	+0.10	92.00	92.00	321	10
Total					3,204	190

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	360/2	-3/4	362/0	358/0	7,065	6,690
Mar	361/2	-1/6	362/4	359/4	165,470	35,730
May	340/6	0	342/0	339/4	31,145	5,155
Jul	327/6	+0/4	328/0	326/4	40,380	7,050
Sep	329/4	-0/6	331/0	328/6	2,345	395
Dec	338/4	-1/4	339/4	337/6	3,525	145
Total					251,395	55,485

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	287/6	-2/2	288/6	286/0	55,865	26,525
Mar	295/4	-1/2	296/0	294/0	613,495	173,330
May	298/2	-1/0	299/0	296/6	225,065	41,825
Jul	299/0	-0/4	299/6	298/0	179,600	29,840
Sep	281/2	-0/2	281/6	280/0	29,095	5,200
Dec	265/2	-0/2	265/4	264/0	143,555	16,815
Total					1,651m	283,565

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	105.00				293	
Mar	106.50				557	
May	107.90	-0.15	107.90	107.75	197	31
Sep	92.85				6	
Nov	95.00				13	
Jan	95.90				1	
Total					1,678	31

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	684/2	-1/4	687/2	682/6	312,275	146,620
Mar	691/2	-2/0	694/2	689/6	530,675	61,770
May	693/0	-1/6	695/0	692/0	133,285	14,610
Jul	694/0	-2/0	696/0	692/4	123,740	16,530
Aug	690/4	-0/6	692/0	689/4	18,655	1,235
Sep	665/6	+0/2	665/0	660/0	13,250	610
Total					580,720	286,170

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	26.82	-0.33	27.23	26.70	3,679	2,637
Jan	26.88	-0.25	27.32	26.77	26,543	10,487
Mar	26.88	-0.30	27.31	26.80	28,737	7,623
May	26.55	-0.27	26.52	26.45	12,071	673
Jul	26.35	-0.14	26.58	26.20	10,361	1,370
Aug	25.88	-0.12	26.13	25.80	2,000	100
Total					90,807	23,205

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	205.6	-1.8	207.1	205.5	4,591	1,988
Jan	204.8	-1.2	206.2	204.0	23,455	5,377
Mar	204.7	-0.6	205.2	204.0	24,208	7,028
May	204.0	-0.6	205.0	204.0	10,688	1,228
Jul	204.2	-0.5	205.0	204.1	9,572	253
Aug	204.0	-0.4	204.5	204.0	3,729	130
Total					98,895	23,576

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	115.0	+5.0	130.0	123.0	21	11
Apr	92.7	+3.3	93.0	92.0	1,801	141
May	107.9	+1.4	110.3	106.0	436	54
Nov	130.0					
Feb	85.8					
Apr	105.0					
Total					2,058	206

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	1248	-3	1245	1245	201	3
Jan	1254	-12	1260	1250	1,027	79
Feb	1270	-12	1290	1280	333	
Apr	1285	-10	1295	1285	221	51
Jul	1130				54	
Total					2,480	128

	Close	Prev
BFI	1241	1247

WOOL

With only one week to before the Christmas recess in the Australian selling season wool auction reports continue to indicate firm prices. The tendency if anything is slightly dearer, with the market indicator reaching 477cents, 9 cents higher than a week before. The Australian wool production forecast was revised upwards from 880m.kg to 717m.kg last week but the figure is still 12% lower than last season and much of the wool has already been sold. Some traders expect a degree of shortage in the second half starting in January.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	980	-1	990	984	215	120
Mar	1047	-4	1056	1047	47,582	2,401
May	1044	-5	1051	1053	17,462	1,418
Jul	1060	-7	1048	1049	7,618	184
Sep	1041	-9	1050	1050	10,318	335
Dec	1024	-5	1030	1030	13,852	196
Total					146,152	4,847

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	1271	-5	1271	1271	431	34
Mar	1281	-5	1286	1276	40,255	3,624
May	1306	-5	1310	1302	13,290	847
Jul	1331	-5	1334	1327	8,952	503
Sep	1347	-5	1355	1351	6,370	227
Dec	1357	-5	1363	1363	6,061	12
Total					89,263	5,698

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
Dec 9		
Daily	1036.48	1028.51
10 day average	1027.70	1023.71

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	1254	+15	1255	1242	12,535	925
Mar	1244	+15	1244	1231	14,005	1012
May	1229	+8	1230	1217	8,084	335
Jul	1223	+12	1225	1217	526	14
Sep	1221	+13	1225	1225	629	107
Nov	1217				171	
Total					32,900	2,393

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	75.65	+0.20	76.10	75.25	292	89
Mar	77.35	+0.20	77.75	77.00	36,493	5,580
May	78.65	+0.10	79.00	78.55	8,650	652
Jul	79.80	+0.10	80.30	79.90	1,770	6
Sep	81.25	+0.25	81.50	81.15	1,511	10
Dec	83.00	-0.05	83.00	83.00	1,054	185
Total					48,156	6,389

■ COFFEE (ICO) (US cents/pound)

	Price	Prev. day
Dec 8		
Comp. daily	71.00	70.63
15 day average	70.94	70.79

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	10.77	+0.12	11.08	10.85	1,245	135
May	10.98	+0.11	11.20	11.15	685	35
Jul	11.19	+0.10	11.42	11.40	2,941	16
Oct	10.98				45	
Total					4,896	186

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	282.80	+2.40	286.20	282.50	7,846	587
May	283.10	+1.20	286.00	284.00	1,740	69
Aug	285.40				1,510	10
Oct	278.20				1,739	28
Dec	277.00				25	
Mar	277.70				57	
Total					12,971	779

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	10.51	-0.14	10.85	10.45	50,917	4,808
May	10.57	-0.13	10.85	10.56	26,216	800
Jul	10.64	-0.12	10.92	10.60	14,994	214
Oct	10.56	-0.15	10.82	10.56	11,816	188
Mar	10.59	-0.14	10.83	10.82	626	2
May	10.59	-0.14			11	
Total					95,282	5,828

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	64.12	-0.04	64.28	63.90	281	76
Mar	65.25	+0.11	65.40	64.90	26,176	5,723
May	66.30	+0.20	66.45	65.95	7,553	1,576
Jul	66.05	+0.20	66.15	64.67	5,376	1,129
Oct	64.25	+0.35	64.50	63.75	739	37
Dec	64.90	+0.35			4,506	411
Total					45,835	8,978

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	107.80	0.325	108.40	105.50	10,333	1,222
Mar	110.85	0.425	111.10	109.60	6,376	1,040
May	113.40	0.100	114.40	112.50	2,320	578
Jul	116.40				846	136
Sep	118.40				298	2
Nov	119.40	+.025			129	25
Total					21,860	3225

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Dec 9	Dec 8	month ago	year ago
1650.9	1649.8	1618.4	1682.5

■ CRB Futures (Base: 1967=100)

Dec 8	Dec 7	month ago	year ago
223.45	222.34		

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	64.12	-0.04	64.28	63.90	7,907	3,621
Feb	65.25	+0.11	65.40	64.90	31,709	3,963
Apr	66.30	+0.20	66.45	65.95	17,024	2,501
Jun	65.95	+0.20	65.15	64.87	11,656	1,783
Aug	64.25	+0.35	64.20	63.75	5,814	691
Oct	64.90	+0.35			614	25
Total					76,510	17,878

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	43.775	0.325	44.000	43.550	3,361	991
Feb	46.350	0.425	46.600	46.075	11,943	2,210
Apr	47.125	0.100	47.225	46.775	4,462	757
Jun	52.675		52.850	52.675	2,999	219
Jul	52.500		52.550	52.250	887	72
Aug	51.100	+.025	51.100	50.850	614	4
Total					22,881	4,265

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	LAST	+.400	HIGH	LOW	5,538	2,906
Mar	56.100	+.325	56.350	53.100	926	737
May	56.560	+.575	55.500	53.400	1,292	242
Jul	56.400	+.750	56.700	54.300	1,203	63
Aug	57.400	+.050	57.500	54.900	135	23
Feb	54.800				5	
Total					9,853	3,973

LONDON TRADED OPTIONS

Strike price $ tonne	Calls Feb	Calls May	Puts Feb	Puts May
■ ALUMINIUM (99.7%) LME				
1050	79	91	5	14
1075	59	65	10	18
1100	42	59	19	26
■ COPPER (Grade A) LME	Feb	May	Feb	May
1600	99	126	5	14
1650	60	92	15	27
1700	31	62	36	47
■ COFFEE LCE	Jan	Mar	Jan	Mar
1150	104	124	1	30
1200	59	92	2	48
1250	19	67	15	73
■ COCOA LCE	Mar	May	Mar	May
950	110	123	13	29
1000	75	91	28	46
1050	46	65	51	51
■ BRENT CRUDE IPE	Jan	Feb	Jan	Feb
1400	18	43	65	
1450	2	34	85	
1500	1	20	126	140

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Jan)

		+or-
Dubai	$12.20-2.31	+0.205
Brent Blend (dated)	$13.84-3.85	+0.045
Brent Blend (Jan)	$13.84-3.85	+0.015
W.T.I. (1 pm est)	$14.61-4.63	-0.02

■ OIL PRODUCTS NWEprompt delivery CIF (tonne)

Premium Gasoline	$141-143	
Gas Oil	$148-149	
Heavy Fuel Oil	$54-56	-0.05
Naphtha	$130-133	
Jet fuel	$165-167	+1

Petroleum Argus Estimates

■ OTHER

Gold (per troy oz)♣	$382.80	-0.45
Silver (per troy oz)♣	496.5c	-2
Platinum (per troy oz.)	$380.75	+0.55
Palladium (per troy oz.)	$126.75	+1
Copper (US prod.)	92.75c	
Lead (US prod.)	32.0c	
Tin (Kuala Lumpur)	11.88r	-0.02
Tin (New York)	222.0c	-1.5
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	123.14p	+0.59*
Sheep (live weight)†♣	86.94p	-1.51*
Pigs (live weight)†	75.76p	+2.13*
Lon. day sugar (raw)	$271.30	-0.7
Lon. day sugar (wte)	$285.50	
Tate & Lyle export	£293.0	-1
Barley (Eng. feed)	£108.75y	
Maize (US No3 Yellow)	£129.0	
Wheat (US Dark North)	£175.0z	
Rubber (Jan)♥	60.75p	
Rubber (Feb)♥	61.00p	
Rubber (KL RSS No1 Jul)	208.0m	
Coconut Oil (Phil)§	$580.0x	+72.5
Palm Oil (Malay)§	$412.5y	-2.5
Copra (Phil)§	$395	+15
Soyabeans (US)	£199.5	-0.5
Cotton 'A' Index	58.60c	
Wooltops (64s Super)	341 p	+2

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Dec/Jan. z Jan/Feb. x Jan. v Sept. Oct. † Dec/Jan. ♦ Mar/Apr. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

No.8,328 Set by HIGHLANDER

ACROSS

1 First of many old and young women to make treacly stuff (6)
5 Trader who distributes suits? (8)
9 Famous owner changed study round (8)
10 Finds fault with lack of heat on board (6)
12 Unsuccessful competitor starting cold would get closer (5)
13 Broadcast girl put on weight and died (9)
14 Polish perhaps, but by the sound of it from Helsinki (6)
16 Philosopher running from group of soldiers (7)
19 Negotiated special surprise edition (7)
21 Stops working starts to extract less fuel (6)
23 For theatrical success at Prom use new composition (9)
25 Young growth for ale about to stir (5)
26 Spend earned income on jewellery, including charm (6)
27 Suggest one takes a blend of mint tea (8)
28 Finish doing repair work without opening letter (8)
29 In low circles, where to drop anchors (8)

DOWN

1 Esprit de corps adds point to story's message (6)
2 Arrives to cover Spain's natural disaster (9)
3 Seed distributor is worse when drunk (5)
4 Rubbish revealed by cleaner used on optics (7)
5 Egg on with half open bottle (6)
7 Purple shrub: to lift one, put ring round (5)
8 Tenant is about.... is about to push in (8)
11 Small cut? It's easily done (4)
15 At sea, mostly (2,2,4)
17 Exaggerated number of balls taken out (9)
18 Charge made by animals impressed English (8)
20 Hundreds of Romans are a challenge (6)
21 Read random passages from Princess on a Horse (3,4)
22 Takes pleasure always going over beginnings of la Scala (6)
24 Caused downfall of Parisian one, later executed (5)
25 British smashed air pipe (5)

Solution 8,327

JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

FT-SE 3,300 touched before profit-takers arrive

By Terry Byland, UK Stock Market Editor

The brakes were slammed on hard when the UK stock market burst briefly through the Footsie 3,300 mark yesterday morning, and the session ended on the downside in moderate selling pressure. With both gilt-edged and sterling quieter at first, equity investors decided to take profits ahead of the closure tonight of an extremely successful two-week trading account.

However, government bonds moved up at the close when there were buyers as well as sellers for equities. The final reading on the FT-SE 100 Index, down 5.8 at 3,271.6, compared with a day's low of 3,263.6) The new equity trading account is extended for three weeks to cover the Christmas holiday. Dealers expect plenty of action as brokerage houses and the investment press disclose their share recommendations for the new year, and were unwilling to be short of stock yesterday.

Early dealings saw completion of the last of the buying orders put in by the big institutions on Wednesday. Backed up by initial strength in the December futures contract, the Footsie gained nearly 23 points to register a new intraday peak of 3,300.1, showing a rise of 100 points since the Budget speech. Buying has been led by the overseas institutions, with US investment funds making the running.

But stock index futures, continuing to exercise a powerful influence, turned sharply downwards and share prices quickly followed. Bank shares, which have been a prime driving force behind the latest upswing in the Footsie, dipped sharply, with marketmakers only too happy to mark prices down in order to attract stock to refill their depleted trading books. Marketmakers have taken heavy punishment this week as prices have raced ahead.

Oil shares also took punishment, extending their losses in the late afternoon when US sellers made an appearance. Weak oil prices continued to take their toll of the exploration issues, with Lasmo hit by the departure of the chairman.

But across the broader range of equities, activity was more "stock specific" and investors sought out shares thought to have been overlooked. Stores shares gave back only a few pence. The FT-SE Mid 250 Index, extending the range of the Footsie down into second line issues, continued to make headway, rising 6.3 to a new peak of 3,596.2. The Footsie Mid 250 is the area which attracts private investor interest. After falling sharply during the pre-Budget sell-off, the Mid 250 has recovered ground rapidly and once again remained positive in spite of profit-taking in the blue chip stocks.

Seaq volume, measured in numbers of shares traded, was high at 884.8m shares, against 821.4m on Wednesday, when retail business worth of £1.72bn was at the higher end of this year's daily figures.

Company statements, while spurring interest in the stocks themselves, did little to change perceptions across the market. Traders stressed the volatility of the equity sector, which was seen as indicating that profit-taking was absorbed easily and quickly, with investors showing no serious signs of doubt regarding the market's gain over the past two weeks.

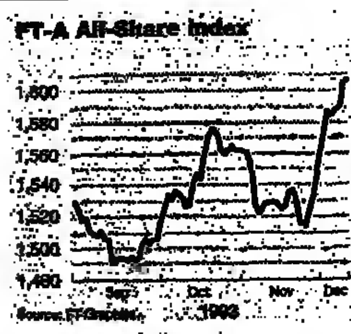
The slower trend of the other leading European bourses did nothing to dim London's conviction that interest rates are on the way down, and that this will confirm predictions that UK base rates will be cut again early in the new year.

Account Dealing Dates

*First Dealings: Nov 29	Dec 13	Jan 4
Option Declarations: Dec 9	Dec 30	Jan 13
Last Dealings: Dec 10	Dec 31	Jan 14
Account Day: Dec 20	Jan 10	Jan 24

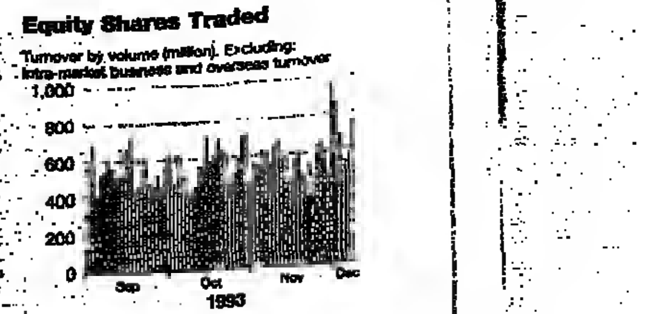
*New time dealings may take place from two business days earlier.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ **Key Indicators**

Indices and ratios

FT SE 100	3271.6	(-5.8)
FT-SE Mid 250	3596.2	(+6.3)
FT-SE-A 350	1626.6	(-1.7)
FT-A All-Share	1606.20	(-1.36)
FT-A All-Share yield	3.53	(3.53)
FT Ordinary index	2462.9	(+8.5)
FT-A 500 p/e	20.54	(20.57)
FT-SE100 Fut Dec	3281.0	-10.0
10 yr Gilt yield	6.35	(6.37)
Yield ratio	1.94	(1.95)

Best performing sectors

1	Metals & Metal Forming	+1.6
2	Contracting, Const	+1.5
3	Motors	+1.5
4	Building Materials	+1.4
5	Insurance (Composite)	+1.4

Worst performing sectors

1	Oil & Gas	-1.3
2	Textiles	-1.2
3	Insurance (Life)	-1.0
4	Water	-0.7
5	Brewers & Distillers	-0.6

Renewed pressure on Lasmo

Storm clouds gathered over Lasmo, the troubled oil exploration group, as the market reacted to another front-line resignation from the group's board, the third in a year. Lord Rees said he is stepping down as chairman after the annual meeting next year.

Lord Rees's move follows the resignation earlier this year of Mr Chris Greentree, the former chief executive and leading light in Lasmo's acquisition of Ultramar some 18 months ago, and the recent ousting of Mr Michael Pavia, former finance director.

"It is now virtually certain the final dividend will be cut, and to make matters worse the stock is not worth £1 with oil at $13 a barrel," said one oil sector specialist.

Lasmo shares, already suffering the effects of the steep decline in crude oil prices, which were trading around the $13.50 a barrel mark yesterday, fell 6 to 109p, their lowest level since January 1987. The latest drop in oil prices followed bearish remarks made by Sheikh Yamani, the former Saudi Arabian oil minister and leading light in Opec, who said prices could well drop to $10 in the new year.

Pilkington firm

Dealers were surprised at the market's strongly positive reaction to interim results from glass manufacturer Pilkington. Although the group's half-year profits came out at £30.5m, well up on last year's £15m and ahead of most expectations, the dividend was cut.

Some traders said there was relief that the results had not been accompanied by a rights issue, but others said a cash call had been unofficially ruled out by the company in response to market rumours some weeks ago. And specialists were impressed with the post-results company meeting.

The general impression in the market, however, was that the shares had responded mostly to a substantial squeeze of marketmakers' short positions. "Once the shorts are unwound, there could be a reaction in the share price," said one marketmaker, who added that the building materials sector had outperformed strongly in the past couple of months. The shares advanced 11 to 168p on turnover of 15m.

The pharmaceuticals sector experienced switching from Wellcome to Glaxo on concern over one of the former's key treatments.

The New England Journal of Medicine published a report showing that Zovirax, the anti-herpes product, had proved ineffective in treating genital herpes in an otherwise healthy man. Analysts said problems in treating one patient were unlikely to lead to big worries over Zovirax, which represents around 37 per cent of Wellcome's turnover. But they added that it could hinder an application to sell it over the counter in the US. Wellcome shares fell 14 to 656p, while Glaxo rose 9 to 697p.

Turnover in Standard Chartered was a hefty 2.8m as the share price gyrated between a record 1259p and 1201p, responding to intermittent bouts of renewed strong buying by institutions seeking to buy market weightings in the stock and flurries of profit-taking. A leading broking house was said to be putting a £20 a share price target on Standard, which fell 8 to 1229p.

Royal Insurance was the pick of a busy composite insurance sector, closing 15 up at 317p after a positive judgment on industrial pollution in the House of Lords. London International Group dropped 28 to 111p after announcing a £5.1m interim loss, against forecasts of a £4m to £5m profit. Analysts were quick to cut back forecasts for the company, which has been dogged by problems. Hoare Govett has pencilled in a loss forecast of £6.5m, against a previous profit estimate of £10m for the full year, but said everything depends on the timing of disposals and restructuring.

Powerscreen International, the Northern Ireland-based manufacturer of screening and stone crushing equipment, came under renewed pressure as rumours persisted of an inland revenue inquiry. The company said it knew of no reason for the decline in the shares which have collapsed from 372p a week ago to yesterday's 272p, a net fall of 31 on the day.

Burmah Castrol was the outstanding performer in an otherwise depressed oil sector, the shares racing to an all-time high of 833p at one point before easing to close 16 higher at 818p as the market focused on potential beneficiaries of weak oil prices.

The majors, on the other hand, suffered from yet another dose of afternoon selling. Dealers said US institutions, which have been the big supporters of BP over the past year or so, have begun to reduce their holdings, certainly in BP and possibly also in Shell.

US holdings accounted for around 24 per cent of BP at the last count. BP settled 9¼ lower at 320½p – the shares' lowest closing level since September – after heavy turnover of 11m. Shell retreated 11 to 695p on 3.7m traded.

Second-liners Clyde Petroleum was firm as recent hints of exploration success gathered momentum, driving Clyde shares up to 53p before they closed 5 higher at 51½p. Analysts refused to rule out a series of rationalisation moves in the exploration and production sub-sector.

Improved UK car sales gave a boost to motor-related stocks. Among component manufacturers, T&N advanced 8 to 199p, Motor World 3 to 326p, BBA Group 7 to 189p, Laird Group 6 to 335p. Distributor T. Cowie climbed 6 to 258p.

The arrival of furniture group DFS in the FT-SE 250 helped the shares climb 9 to 304p. However, Betterware's exit was said to be behind its fall of 9 to 140p.

Profit-taking marred respectable results from Great Universal Stores, the shares giving up 9 to 583p. Signet Group, formerly Ratners, continued to decline on talk of slack sales. The shares slipped 2¾ to 15¾p.

In a quiet drinks sector, Guinness bore the brunt of a downgrade from Lehmen Brothers, the shares sliding 10 to 468p. The US broker was said to have cut its 1993 profit forecast to £835m from £890m, and to £902m from £920m for 1994. Greenalls added 8 to 415p on the back of positive comment after results on Tuesday.

Results from Compass Group included a 31 per cent profit rise and saw the shares jump 19 to 514p. Hoare Govett moved from hold to buy on the stock following a positive results meeting. UBS was said to have recommended Granada Group, up 11 at 484p.

MARKET REPORTERS: Christopher Price, Peter John, Steve Thompson.

■ Other statistics, Page 19

■ **NEW HIGHS AND LOWS FOR 1993**

NEW HIGHS (269) BRITISH FUNDS (69) OTHER FIXED INTEREST (3) CANADIANS (8) Brascan, Inco, Rio Algom, BANKS (16) ANZ, Abbey Natl., Bank of Scotland, Barclays, Deutsche, HSBC, Do. HK, Natl. Westminster, Standard Chart., TSB, BREWERS (5) Eldridge Pope A, Gibbs Mew, Matthew Clark, Scott. & New., Vaux, BLDG MATLS (14) BPB Inds., Caradon, Do. Pf., Heywood Williams, Kingspan, Marley, Meyer, Pilkington, Do. Wrnts., Redland, Rugby, Tarmac, Travis Perkins, Wolseley, BUSINESS SERVS (2) BET, Hutch. Whmp., CHEMS (3) BASF, Bayer, CONTG & CONSTRON (5) Banner Homes, Barratt Dev., Berkeley, Bryant, CALA, ELECTRICALS (1) BICC Cap. Fin. 10¾pc Bds., ELECTRICITY (16) ELECTRONICS (7) Abacus, Bowthorpe, Control Tech., Druck, Electrocomponents, Pacer Systems, Soundtracs, ENG GEN (9) BSS, Claybithe, Molins, FOOD MANUF (1) Nestle, HOTELS & LEIS (8) Break for the Border, Compass, Crockfords, Rank, Do. Pf., INSCE COMPOSITE (1) Allianz, INSCE LIFE (1) Liberty Life, INV TRUSTS (155) MEDIA (2) Carlton Comms., Central ITV, Elsevier, HTV, Reed Intl., Reuters, Southnews, MERCHANT BANKS (1) Kleinwort Benson, MTL & MTL FORMING (4) Brit. Steel, Glynwed, Manganese Bronze, Thyssen, MISC (8) Ernby, Brit. Bloodstock, Brit. Thornton, Faber Prest, Headlam, Heritage, Kershaw (A), LGW, Minmet, MOTORS (3) Dixon, Lucas, Do. Wrnts., OIL & GAS (1) Burmah Castrol, OTHER FINCL (6) Caledonia, Natl. Home Lns. Pf., Perpetual, S & U Pf., Swire Pac. A, Tyndall Aust. Opts., OTHER INDLS (3) Amber Ind., RJB, Whitecroft, PACKG, PAPER & PRNTG (1) Ferguson, PROP (17), STORES (4) Argos, Carlors, Kingfisher, Oriflame, TELE NETWORKS (1) Cable & Wire. 7pc Cv. 2005, TEXTS (2) Halana, Hicking Pent., TRANSPORT (4) BAA, Brit. Airways, Do. 9¾pc Cv., Norex, WATER (8) Anglian, Nth. West, Northumbrian, Severn Trent, Sth. West, Southern, Welsh, Wessex, Yorkshire, SOUTH AFRICANS (3) Anglo Am. Inds., SA Brews., PLANTATIONS (3) [illegible]

NEW LOWS (26) [illegible]

Data based on those Companies listed on the London Share Service.

EQUITY FUTURES AND OPTIONS TRADING

December Footsie futures broke through 3,300 yesterday but failed to hold their gains after a rumoured £100m sell order kicked in when the underlying market hit that level, *writes Peter John.*

December opened at 3,297 and drove forward to 3,313 while maintaining a high premium to cash. However, some dealers suggested one house had sold a big tailor-made call option, or OTC, which would automatically cancel out if the underlying FT-SE 100 broke through 3,300.

If that were the case, the buyer would only have benefited from rises in the stock market up to the knock-out level. A ceiling on possible returns would have made it cheaper to buy.

The seller of the option would have to be able to supply stock but once the contract was void, stock bought as a hedge would have to be sold back into the market.

The market did indeed turn when underlying equities nudged above 3,300 and the futures were at a 13-point premium. Dealers added that the recent bear squeeze had dissipated.

The subsequent slide received further impetus from strong producer price figures in the US which revived concern that US investors might begin to repatriate their holdings.

December swung back to 3,261 by the official close on strong turnover of more than 16,200 contracts.

Among options, there was strong turnover of 54,423 lots, almost half of which represented the two classes of FT-SE options. The most heavily traded stock options were HSBC on 3,831 lots, followed by Bass.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3297.0	3261.0	-10.0	3313.0	3273.0	16094	47732
Mar	3321.5	3300.5	-10.0	3331.0	3296.0	4068	30531
Jun		3310.5	-10.0			0	981

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3120) £10 per full index point

[illegible]

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

TRADING VOLUME

■ **Major Stocks yesterday**

	Vol. 000s	Closing price	Day's change
ASDA Group†	13,000	62	+1½
Abbey National†	7,600	481	+1
Albert Fisher	2,500	64	+1
Allied-Lyons†	2,800	621	-12
Anglian Water†	1,800	566	-5
Argyll Group†	6,700	261	+2
[illegible]			

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 index constituent.

FT-SE Actuaries Share Indices — The UK Series

	Dec 9	Day's chge%	Dec 8	Dec 7	Dec 6	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3271.6	-0.2	3277.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250	3596.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250 ex Inv Trusts	[illegible]										
FT-SE-A 350	1626.6	[illegible]									
FT-SE SmallCap	[illegible]										
FT-SE SmallCap ex Inv Trusts	[illegible]										
FT-A ALL-SHARE	1606.20	-0.1	1607.56	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ **FT-Actuaries All-Share**

	Dec 9	Day's chge%	Dec 8	Dec 7	Dec 6	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
1 CAPITAL GOODS(214)	[illegible]										
2 Building Materials(28)	[illegible]										
3 Contracting, Construction(29)	[illegible]										
4 Electricals(15)	[illegible]										
5 Electronics(38)	[illegible]										
6 Engineering-Aerospace(7)	[illegible]										
7 Engineering-General(49)	[illegible]										
8 Metals & Metal Forming(9)	[illegible]										
9 Motors(20)	[illegible]										
10 Other Industrials(19)	[illegible]										
21 CONSUMER GROUP(238)	[illegible]										
22 Brewers and Distillers(28)	[illegible]										
25 Food Manufacturing(24)	[illegible]										
26 Food Retailing(17)	[illegible]										
27 Health & Household(21)	[illegible]										
29 Hotels and Leisure(20)	[illegible]										
30 Media(34)	[illegible]										
31 Packaging and Paper(26)	[illegible]										
34 Stores(39)	[illegible]										
35 Textiles(20)	[illegible]										
40 OTHER GROUPS(144)	[illegible]										
41 Business Services(27)	[illegible]										
42 Chemicals(24)	[illegible]										
43 Conglomerates(11)	[illegible]										
44 Transport(16)	[illegible]										
45 Electricity(17)	[illegible]										
46 Telephone Networks(4)	[illegible]										
47 Water(13)	[illegible]										
48 Miscellaneous(32)	[illegible]										
49 INDUSTRIAL GROUP(597)	[illegible]										
51 Oil & Gas(17)	[illegible]										
59 "500" SHARE INDEX(614)	[illegible]										
61 FINANCIAL GROUP(91)	[illegible]										
62 Banks(9)	[illegible]										
65 Insurance (Life)(6)	[illegible]										
66 Insurance (Composite)(7)	[illegible]										
67 Insurance Brokers(10)	[illegible]										
68 Merchant Banks(6)	[illegible]										
69 Property(30)	[illegible]										
70 Other Financial(23)	[illegible]										
71 Investment Trusts(110)	[illegible]										
99 FT-A ALL-SHARE(815)	1606.20	-0.1	1607.56	[illegible]							

■ **Hourly movements**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	[illegible]										
FT-SE Mid 250	[illegible]										
FT-SE-A 350	[illegible]										

■ **FT-SE Actuaries 350 Industry baskets**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Construction	[illegible]											
Health & H'hold	[illegible]											
Water	[illegible]											
Banks	[illegible]											

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. [illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

* Underlying security price. Premiums shown are based on closing offer prices. December 9. Total contracts: 54,423 Calls: 38,... Puts: 17,...

TRADITIONAL OPTIONS

First Dealings	Dec. 6	Last Declarations	March 10
Last Dealings	Dec. 17	For Settlement	March 21

3-month call rate indications are shown in Saturday editions.

Calls: All Eng, Allied Irish Bk, Aitken Hume, Bakyrchik Gold, Blatchi Mining, Bluebird Toys, Carlisle Grp., Clyde Pet., Costec, Ennex Intl., Enterprise Comp., Federated Res., Ferromet, Flextech, ICI, LIG, Marine & Merc., Minmet, Molynx, NSM, P & P, Ramco, Signet. Puts: Aitken Hume, Allied Irish Bk., Enterprise Comp., ICI, Marine & Merc., Molynx, NSM, Signet, Stirling Group. Puts & Calls: Arcaco, Clyde Pet., Oreeny Est., Renison Gold.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	86	3	11
Other Fixed Interest	4	0	11
Commercial, Industrial	339	261	831
Financial	88	31	70
Property	27	17	50
Investment Trusts	266	16	247
Oil & Gas	15	22	44
Mines	69	9	43
Others	40	32	83
Totals	936	391	1,410

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt. paid up	Mkt. cap (£m)	1993 High	1993 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
[illegible]											

† Introduction. § Placing price. F.P. Fully-paid security. For an explanation of other notes, please refer to the Guide to the London Share Service.

FINANCIAL TIMES EQUITY INDICES

	Dec 9	Dec 8	Dec 7	Dec 6	Dec 3	Yr ago	*High	*Low
Ordinary share	2462.9	2454.4	[illegible]					
Ord. div. yield	[illegible]							
Earn. yld. % full	[illegible]							
P/E ratio net	[illegible]							
P/E ratio nil	[illegible]							
Gold Mines	[illegible]							

*For 1993. Ordinary share index since compilation: [illegible]

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
[illegible]										

	Dec 9	Dec 8	Dec 7	Dec 6	Dec 3
SEAQ bargains	[illegible]				
Equity turnover (£m)†	[illegible]				
Equity bargains†	[illegible]				
Shares traded (mil)†	[illegible]				

† Excluding intra-market business and overseas turnover.

هكذا من الأصل

LONDON SHARE SERVICE

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS - Cont.

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Greenwich Res		16¾	+¼	22¼	5	12.5	-
Hemlo Gold C$		57	+¼	58⅓	£3½	677.4	1.4
Ivernia West IE		38	-1	57	31	19.1	-
Kells Minls IE		14	—	14½	8	0.34	-
Kenmare		0¾	—	13½	0	0.76	-
Mallnga Res.		7	—	25½	7	0.17	-
Navan Res IE		139	+15	139	25	27.7	-
5pc Ln Notes		118	+8	116	25	21.2	-
Oryx Gold		45	—	76½	27	-	-
††Ovoca Res IE		25	-2	29½	3½	1.74	-
RTZ		754	+13	754	607	8,022	3.2

MEDIA

INVESTMENT COMPANIES

MOTORS

OIL & GAS

PACKAGING, PAPER & PRINTING

STORES

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- \- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
J Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
& Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1228 a year for each security shown, subject to the Editor's discretion

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AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F

51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	165.0	165.7xd	175.4	-0.10	0.00
AIB Grofund Equity	5	242.3	244.8	259.1	+3.00	1.21
AIB Grofund Euro	6	193.6	195.1	205.3	+1.70	0.00
AIB Grofund Exec Balanced	3	111.1	112.4	118.5	-1.00	1.16
AIB Grofund Gilt	3	82.20	82.21	84.78	+0.48	4.45
AIB Grofund Japan	6	156.4	157.2xd	166.1	-2.10	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H

Equity & Law Hse, Corpn St, Coventry 0203 553231

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	472.1	473.3	503.5	+2.8	2.21
General Acc	5	524.0	525.5	559.1	+3.0	2.21
UK Growth Acc	0	353.7	358.1	381.0	-1.7	2.38
UK Growth Inc	0	247.7	250.8	266.8	-1.3	2.38

Capel-Cure Myers UT Mngt Ltd - Contd.

Exempt Fund

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Yield	2	1353.00	1361.00xd	1400.00	-10.00	3.91
(Accum Units)	2	1627.00	1636.00	1683.00	+12.00	3.91

Capital House Unit Tst Mgrs (1200)F

Capital House, Festival Square, Edinburgh.
031-228 4477 Dealing 0800 833581

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Gwth Tst	6	37.34	37.73	40.37	+0.03	0.91
American Gwth Tst Acc	5	37.58	37.98	40.61	+0.03	0.91
Cash Acc	0	61.16	61.16xd	61.15	–	5.53
Do Income	0	50.13	50.13xd	50.13	+0.01	5.50
European Gwth	5	38.38	38.38	40.91	+0.38	0.83
Income & Gwth Acc	6	30.55	30.70	32.91	+0.13	4.07
Do Income	5	28.21	28.42	30.30	+0.11	4.07

Fidelity Investment Servs Ltd - Contd.

Income Funds

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income	4	27.71	27.99xd	29.45	+0.11	4.88
Income Plus	5¼	121.5	122.5xd	130.7	+0.50	3.37
Amer Eq Inc	5¼	47.01	47.61	50.51	+0.15	0.71
European Income	5¼	41.60	41.65	44.81	+0.73	2.62
Far East Inc	5¼	65.41	65.41xd	70.06	+0.29	2.39
Global Convertible	5¼	23.60	23.90	25.50	+0.11	2.31

Equity Funds

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
ASEAN	5¼	68.73	67.89	72.42	-1.55	0.00
American	5¼	230.8	230.9xd	244.8	-0.40	0.00
Amer Spec Sits	5¼	107.6	108.4	115.7	+1.30	0.00

Mercury Fund Managers Ltd (1000)H

33 King William St, EC4R 9AS Dealing 071-280 2860

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5	203.3	203.3xd	216.0	-0.40	0.00
(Accum Units)	5	217.4	217.4xd	231.0	-0.30	0.00
American Opps	5	88.84	88.40xd	94.29	-0.47	0.00
(Accum Units)	5	88.74	89.40xd	96.46	-0.43	0.00
British Blue Chip	5	80.30	80.30	85.47	+1.19	2.95
(Accum Units)	5	96.56	96.56	102.8	+1.30	2.95
Cash *	0	100.8	100.8	100.8	–	5.10
(Accum Units) *	0	132.1	132.1	132.1	–	5.10
Emerging Markets	6¼	123.4	124.1	133.4	+1.20	0.00
(Accum Units)	5¼	123.4	124.1	133.4	+1.20	0.00
European Growth	5	231.6	231.6	245.5	+2.50	0.65

Pembroke Administration Ltd (1630)F

18-19 Sandland St, London WC1R 4PZ. 071-430 0569

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Pembroke Accum	5	162.86	165.24	178.21	+4.95	1.71
Pembroke World Acc	6	69.54	70.25	74.47	+1.38	0.38
Pembroke Balanced	5	170.6	170.8xd	182.8	+8.00	2.87
Pembroke Income	5	103.7	103.7	109.5	+8.40	4.85

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (‡) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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PDFM Unit Managers Ltd

	Bid Price	Offer Price	+ or −	Yield Grs
Small Co's Dec 7	879.30	906.56	—	2.80
Do Accum	1088.92	1106.21	—	2.80
Intl Expt Dec 9	272.02	277.57	+4.38	1.67
UK Index Dec 7	1526.72	1554.32	—	3.69
Do Accum	1798.43	1835.45	—	3.69
Convertible Dec 0	122.10	124.28	—	8.32
World ex UK Index Dec 7	1060.77	1073.80	—	1.84
Do Accum	1060.77	1073.80	—	1.84
Japan Index Dec 7	698.62	708.47	—	0.53
Do Accum	704.80	711.40	—	0.53
USA Index Dec 7	1417.52	1425.18	—	2.47
Do Accum	1506.72	1518.45	—	2.47
Europe ex UK Index Dec 7	1233.74	1258.65	—	2.09
Do Accum	1318.23	1337.20	—	2.09
Pacific ex Jap Index Dec 7	1801.44	1848.47	—	2.42
Do Accum	2084.47	2133.80	—	2.42
Managed Exempt Dec 9	153.94	156.97	+1.41	3.64
Do Accum	155.27	157.31	+1.42	3.64
American Exempt Dec 0	185.61	188.72	+0.24	1.86
European Exempt Dec 0	173.70	177.08	+4.50	1.82
Japan Exempt Dec 9	139.88	142.80	−3.63	0.38
Pacific Basin Dec 3	233.47	239.04	+5.04	1.37
Global Bond Ex Dec 0	98.99	99.99	+0.04	4.84
Index-Lkd Gilt Ex Dec 9	101.81	102.62	+0.54	2.18

Rothschild Asset Management

	Bid Price	Offer Price	+ or −	Yield Grs
NC Property		144.84	—	—

J. Rothschild Fund Managers Ltd.

	Bid Price	Offer Price	+ or −	Yield Grs
Intl Exempt Accum	198.8	201.4	+0.4	0.97

Stewart Ivory & Co Ltd

	Bid Price	Offer Price	+ or −	Yield Grs
Selda PPP Nov 12	408.5	427.8	—	—

Closed to new business

Thornton Unit Managers Ltd

	Bid Price	Offer Price	+ or −	Yield Grs
Managed Exempt Nov 30	131.27	137.09	—	3.60
(Accum Units)	146.55	153.18	—	2.80

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

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Royal Heritage Life Assurance Ltd

Scottish Provident Group - Contd.

Swiss Life (UK) PLC

Century Life International Ltd - Contd.

Johnson Fry Asset Managers Plc

Lloyds Intl Money Market Fund Ltd

Federated International Funds Plc

Ulster Bank Investment Services

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

IRELAND (REGULATED)(**)

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JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

D-Mark slightly weaker

The D-Mark weakened slightly against some of the currencies in Europe's exchange-rate mechanism, with the French franc and Danish krone hitting new highs since the ERM's revamp last summer, *writes Conner Middelmann.*

The D-Mark has been easing on expectations of more German interest rate cuts, as well as unwinding of long D-Mark positions against short positions in other ERM currencies. "Most of the price action has been driven by position adjustments rather than by real fund flows," said Mr Mark Austin, treasury strategist at Midland Global Markets.

Germany's call money rate eased again amid ample money market liquidity, slipping to around 6 per cent, from some 6.07 per cent on Wednesday. The three-month Euromark future edged up 0.01 point to 93.91.

The downward revision of western Germany's November inflation rate had little impact, although traders said it added to the D-Mark's softer tone. Month-on-month inflation was 0.2 per cent, with the year-on-year rate at 3.6 per cent. That was below the 0.3 per cent and 3.7 per cent preliminary rates initially published.

● Denmark's stocks, bonds and currency were buoyed by comments by Mr Erik Hoffmeyer, the governor of the Danish central bank. In an interview with the Danish financial daily Boersen, he said that he saw the present strength of the krone as paving the way for more rate cuts.

He was also reported as saying that the central bank would test the market with a series of gradual, small rate cuts, allowing Denmark to eventually lower its rates to the German level.

The Danish central bank has cut money market rates six times in the last 11 weeks.

The Danish krone rose to its highest level since the ERM shake-up on August 2. After hitting an intra-day high of DKr3.9040 against the D-Mark, it ended at DKr3.918, barely changed from DKr3.915 on Wednesday.

● The Dutch guilder hit a five-year high against the D-Mark on the back of heavy foreign buying at this week's government bond tap issue, which raised Fl11bn in three days.

The guilder peaked at Fl111.87 per DM100 and closed at Fl111.90, unchanged from Wednesday.

The currency's strength had some dealers calling for another cut in the Dutch special advances rate at the next open-market operation on Tuesday. Some traders expect to see a small rate cut on that day, while others said the Dutch central bank could set a two-day pact expiring on Thursday to coincide with the next meeting of the Bundesbank's central bank council.

● The French franc continued strengthening against the D-Mark, breaching technical resistance at FFr3.4230 and approaching the key FFr3.4180 level. After reaching a high of FFr3.4193, it shed some of its gains in the afternoon and ended little changed at FFr3.427, after FFr3.424 on Wednesday.

Subduing the franc in the afternoon were reports that the Bank of France was selling francs against the D-Mark and the dollar in a continued effort to shore up its foreign currency reserves, which were sharply depleted during last summer's currency crisis.

Its latest statement for the week ending December 2 indicated that French net currency reserves rose by FFr1.8bn, putting reserves some FFr11.02bn in the black. "That was rather less than we were hoping for," said Chris Furness, a currency analyst at market analysis firm IDEA.

Most traders do not expect the franc's recent appreciation to trigger more aggressive easing by the Bank of France. This was reflected by the March Pibor futures contract, which fell 0.01 point to 93.50.

● The pound ended a slow session unchanged at DM2.5500 against the D-Mark.

Money market conditions remained on the tight side, and traders said the Bank of England's market operations indicated a desire to quell market speculation of near-term rate cuts.

"They're putting a small brake on by keeping liquidity tight - I'm getting the impression they don't want the market to roar ahead," said one money trader. However, he does not expect any strong signals from the Bank ahead of Wednesday's data on retail price inflation and Thursday's Bundesbank meeting. The December short sterling contract eased 0.02 point to 94.67.

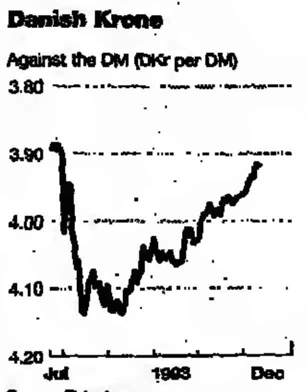
The Bank announced a shortage of £1.95bn which was later revised to £1.9bn. In an early round, it purchased £110m of bills outright and £592m for resale to the market at a later date. In further operations, it purchased a total of £655m and provided late assistance of around £550m.

● The US dollar edged slightly higher to end at DM1.7055 against the D-Mark, up from DM1.7050 at Wednesday's close. Against the yen, the dollar closed at Y108.65, compared with Y108.60 a day earlier.

US producer price data had little overall impact on the currency. While the headline rate was unchanged on the month, the core rate was up 0.4 per cent, slightly above expectations but not enough to fuel speculation that the Federal reserve would start tightening soon. Traders will be looking to today's CPI numbers for a clearer picture on US inflation.

Danish Krone

Against the DM (DKr per DM)



Source: Datastream

■ Pound in New York

Dec 9	—Latest—	— Prev. close —
£ spot	1.4965	1.4945
1 mth	1.4937	1.4916
3 mth	1.4892	1.4875
1 yr	1.4782	1.4765

POUND SPOT FORWARD AGAINST THE POUND

Dec 9		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.90	+0.05	785 - 795	17.95	17.90	17.9105	-0.7	17.9227	-0.5	-	-	114.3
Belgium	(BFr)	53.35	+0.25	320 - 440	53.40	53.15	53.445	-2.1	53.595	-1.8	54.01	-1.2	113.1
Denmark	(DKr)	9.9200	+0.0076	850 - 950	10.0115	9.9545	10.0095	-2.4	10.042	-2.1	10.1278	-1.4	115.7
Finland	(FM)	8.5705	-0.016	555 - 855	8.5855	8.5440	-	-	-	-	-	-	79.7
France	(FFr)	8.7375	+0.0075	325 - 425	8.7485	8.7115	8.7476	-1.4	8.7638	-1.2	8.7916	-0.6	107.8
Germany	(DM)	2.5500	-	475 - 525	2.5575	2.5480	2.552	-0.9	2.5553	-0.8	2.5587	-0.3	123.7
Greece	(Dr)	365.00	-0.3	485 - 535	365.85	363.80	-	-	-	-	-	-	-
Ireland	(I£)	1.0560	-0.003	535 - 545	1.0600	1.0555	1.0545	-0.9	1.0585	-0.9	1.0514	-0.7	101.9
Italy	(L)	2500.50	+12.75	600 - 000	2508.95	2484.05	2516.5	-3.3	2530.35	-3.2	2592.55	-3.0	76.8
Luxembourg	(LFr)	53.35	+0.25	330 - 340	53.40	53.15	53.445	-2.1	53.595	-1.8	54.01	-1.2	113.1
Netherlands	(Fl)	2.8525	-	475 - 575	2.8620	2.8505	2.8535	-0.6	2.8547	-0.5	2.8565	0.0	118.2
Norway	(NKr)	11.0825	+0.03	775 - 875	11.0975	11.0415	11.0887	-0.7	11.0925	-0.4	11.0887	0.0	95.5
Portugal	(Es)	260.05	+0.75	955 - 055	260.55	259.05	261.49	-6.6	263.225	-5.8	-	-	-
Spain	(Pta)	208.25	+0.25	810 - 840	208.40	207.20	208.86	-4.1	210.235	-3.9	216.115	-3.8	86.6
Sweden	(SKr)	12.4175	-0.006	125 - 225	12.4460	12.3810	12.44	-2.2	12.473	-1.8	12.6	-1.5	73.4
Switzerland	(SFr)	2.1850	+0.0025	800 - 900	2.2035	2.1885	2.1932	1.0	2.1892	1.1	2.167	1.3	116.3
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	81.7
Ecu	-	1.3225	+0.0025	220 - 230	1.3235	1.3195	1.3242	-1.5	1.3266	-1.3	1.3316	-0.7	-
SDR†	-	0.930286											
Americas													
Argentina	(Peso)	1.4925	-0.0005	920 - 930	1.4940	1.4880	-	-	-	-	-	-	-
Brazil	(Cr)	387.40	+4.85	735 - 745	388.00	381.00	-	-	-	-	-	-	-
Canada	(C$)	1.9810	+0.003	805 - 815	1.9830	1.9725	1.9796	1.5	1.9748	1.3	1.966	0.6	91.4
Mexico	(New Peso)	4.6420	-0.003	405 - 435	4.6465	4.6295	-	-	-	-	-	-	-
USA	($)	1.4955	+0.0005	950 - 960	1.4965	1.4905	1.4922	2.1	1.4885	1.9	1.4772	1.2	88.7
Pacific/Middle East/Africa													
Australia	(A$)	2.2210	-0.002	205 - 215	2.2295	2.2150	2.2198	0.7	2.2178	0.6	2.2177	0.1	-
Hong Kong	(HK$)	11.5463	-0.008	450 - 480	11.5595	11.5140	11.5307	1.5	11.4957	1.6	11.4644	1.2	-
India	(Rs)	46.95	-0.1	880 - 050	46.95	46.75	-	-	-	-	-	-	-
Japan	(Y)	162.50	+0.25	250 - 300	163.50	161.75	162.07	3.2	161.215	3.2	157.525	3.1	180.0
Malaysia	(M$)	3.8150	-0.0035	145 - 155	3.8185	3.8055	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6910	-0.004	895 - 925	2.6950	2.6855	2.6917	-0.3	2.6929	-0.3	2.703	-0.4	-
Philippines	(Peso)	40.65	+0.1	060 - 070	40.70	40.55	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.6070	-0.004	055 - 075	5.6130	5.5910	-	-	-	-	-	-	-
Singapore	(S$)	2.3885	-0.001	880 - 890	2.3900	2.3835	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.0925	+0.002	315 - 335	5.0365	5.0140	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.5855	+0.033	780 - 930	6.5995	5.4975	-	-	-	-	-	-	-
South Korea	(Won)	1209.90	-0.55	975 - 005	1210.95	1208.55	-	-	-	-	-	-	-
Taiwan	(T$)	40.25	-0.3	020 - 030	40.30	40.05	-	-	-	-	-	-	-
Thailand	(Bt)	37.95	-0.1	790 - 800	38.00	37.95	-	-	-	-	-	-	-

†SDR rate for Dec 8. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Dec 9		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Morgan G'ty chges %
Europe													
Austria	(Sch)	11.9850	-0.0025	825 - 875	12.0230	11.9825	12.011	-2.8	12.0572	-2.4	12.1757	-1.6	+16.19
Belgium	(BFr)	35.70	+0.15	565 - 575	35.75	35.56	35.83	-4.4	36.035	-3.8	36.565	-2.5	-0.07
Denmark	(DKr)	6.6800	+0.0025	775 - 825	6.6980	6.6700	6.7062	-4.5	6.7467	-4.0	6.855	-2.6	+10.16
Finland	(FM)	5.7330	-0.006	230 - 430	5.7470	5.7130	5.748	-3.1	5.7687	-2.8	5.8267	-1.6	-
France	(FFr)	5.8425	+0.0025	400 - 450	5.8550	5.8330	5.8599	-3.6	5.888	-3.1	5.9505	-1.8	-7.75
Germany	(D)	1.7055	+0.0005	050 - 060	1.7105	1.7035	1.7099	-3.1	1.7172	-2.7	1.7309	-1.6	+31.28
Greece	(Dr)	244.10	-0.1	380 - 440	244.86	243.56	248.1	-19.7	258.36	-20.1	289.1	-18.4	-
Ireland	(I£)	1.4150	-0.001	145 - 155	1.4170	1.4085	1.4112	3.2	1.4047	2.9	1.3871	2.0	-
Italy	(L)	1676.00	+8	775 - 825	1681.25	1669.00	1685.85	-6.8	1700.25	-5.3	1762.5	-4.4	-37.36
Luxembourg	(LFr)	35.70	+0.15	565 - 575	35.75	35.50	35.83	-4.4	36.035	-3.8	36.565	-2.5	-0.07
Netherlands	(Fl)	1.9080	-	075 - 085	1.9180	1.9060	1.9121	-2.6	1.9185	-2.2	1.9304	-1.2	+21.23
Norway	(NKr)	7.4100	+0.0175	075 - 125	7.4180	7.3920	7.427	-2.8	7.4512	-2.2	7.515	-1.4	-18.06
Portugal	(Es)	173.90	+0.45	385 - 395	174.00	173.50	175.15	-8.6	177.99	-8.0	185.25	-6.6	-
Spain	(Pta)	139.25	-0.2	920 - 930	139.40	138.80	139.98	-6.3	141.26	-5.8	145.6	-4.6	-
Sweden	(SKr)	8.3025	-0.0075	000 - 050	8.3340	8.2870	8.3327	-4.4	8.3792	-3.7	8.5275	-2.7	-38.71
Switzerland	(SFr)	1.4670	+0.001	665 - 675	1.4676	1.4645	1.4681	-0.9	1.4698	-0.8	1.4657	0.1	+25.73
UK	(£)	1.4955	+0.0005	950 - 960	1.4965	1.4905	1.4929	2.1	1.4885	1.9	1.4772	1.2	-28.09
Ecu	-	1.1310	-0.0016	305 - 315	1.1325	1.1286	1.1278	3.4	1.1223	3.1	1.1095	1.8	-
SDR†	-	1.38892	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9985	-	980 - 990	0.9990	0.9975	-	-	-	-	-	-	-
Brazil	(Cr)	259.15	+3.45	910 - 920	259.20	259.10	-	-	-	-	-	-	-
Canada	(C$)	1.3245	+0.0015	240 - 250	1.3250	1.3210	1.3262	-0.8	1.3286	-0.8	1.3325	-0.6	-10.61
Mexico	(New Peso)	3.1045	-0.0005	040 - 050	3.1060	3.1040	3.1062	-0.7	3.1103	-0.7	3.1245	-0.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	-10.70
Pacific/Middle East/Africa													
Australia	(A$)	1.4855	-0.0005	850 - 860	1.4875	1.4850	1.4868	-1.1	1.4904	-1.3	1.4984	-0.9	-48.75
Hong Kong	(HK$)	7.7230	-	225 - 235	7.7240	7.7225	7.7252	-0.3	7.7285	-0.2	7.7355	-0.2	-
India	(Rs)	31.3675	-0.0025	625 - 725	31.3725	31.3625	31.4475	-3.1	31.6525	-3.6	-	-	-
Japan	(Y)	108.65	+0.05	860 - 870	109.05	108.55	108.565	1.0	108.29	1.3	106.805	1.9	+120.25
Malaysia	(M$)	2.5520	-0.001	515 - 525	2.5545	2.5515	2.5528	-0.4	2.567	-2.4	2.612	-2.4	-
New Zealand	(NZ$)	1.8000	-0.002	990 - 010	1.8020	1.7990	1.8009	-0.8	1.8034	-0.8	1.8104	-0.6	-
Philippines	(Peso)	27.20	+0.1	715 - 725	27.25	27.10	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7520	-	500 - 540	3.7540	3.7500	3.758	-1.9	3.7685	-1.6	3.791	-1.0	-
Singapore	(S$)	1.5980	+0.0005	975 - 985	1.5985	1.5975	1.597	0.8	1.5967	0.3	1.5945	0.2	-
S Africa (Com.)	(R)	3.3860	+0.0035	655 - 865	3.3885	3.3850	3.392	-5.7	3.3978	-3.8	3.53	-4.9	-
S Africa (Fin.)	(R)	4.4050	+0.025	000 - 100	4.4200	4.3600	4.437	-8.7	4.499	-8.5	-	-	-
South Korea	(Won)	809.30	+0.15	820 - 940	809.40	808.05	812.3	-4.4	815.6	-3.2	834.3	-3.1	-
Taiwan	(T$)	26.90	-0.05	885 - 695	26.95	26.85	26.965	-2.8	27.105	-3.0	-	-	-
Thailand	(Bt)	25.40	-0.05	535 - 545	25.50	25.35	25.415	-0.7	25.445	-0.7	25.71	-1.2	-

†SDR rate for Dec 8. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for Dec 8. Base average 1980/82=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Dec 9		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.73	16.38	4.760	1.976	4705	5.348	20.77	487.5	390.4	23.28	4.114	1.874	3.713	2.804	304.6	2.480
Denmark	(DKr)	53.40	10	8.747	2.563	1.055	2513	2.856	11.09	260.4	208.5	12.43	2.197	1.001	1.983	1.497	182.7	1.324
France	(FFr)	61.06	11.43	10	2.918	1.206	2873	3.265	12.68	297.7	238.4	14.21	2.512	1.144	2.267	1.712	186.0	1.514
Germany	(DM)	20.92	3.916	3.427	1	0.413	984.3	1.119	4.345	102.0	81.69	4.871	0.861	0.392	0.777	0.587	63.73	0.518
Ireland	(I£)	50.62	9.476	8.290	2.419	1	2381	2.707	10.51	246.8	197.6	11.78	2.083	0.949	1.880	1.419	154.2	1.255
Italy	(L)	2.125	0.398	0.348	0.102	0.042	100.	0.114	0.441	10.36	6.299	0.495	0.087	0.040	0.079	0.060	6.474	0.053
Netherlands	(Fl)	18.70	3.502	3.063	0.894	0.369	879.6	1	3.884	91.17	73.01	4.353	0.769	0.351	0.694	0.524	56.96	0.464
Norway	(NKr)	48.15	9.016	7.886	2.301	0.951	2265	2.575	10	234.7	188.0	11.21	1.981	0.903	1.788	1.350	146.7	1.194
Portugal	(Es)	20.51	3.841	3.359	0.980	0.405	965.0	1.097	4.260	100.	80.08	4.775	0.844	0.384	0.762	0.575	62.48	0.509
Spain	(Pta)	25.61	4.796	4.195	1.224	0.506	1205	1.370	5.319	124.9	100.	5.963	1.054	0.480	0.951	0.718	78.01	0.635
Sweden	(SKr)	42.95	8.043	7.035	2.053	0.849	2021	2.297	6.921	209.4	167.7	10	1.767	0.805	1.595	1.205	130.6	1.065
Switzerland	(SFr)	24.31	4.551	3.981	1.162	0.480	1144	1.300	5.048	118.5	94.90	5.658	1	0.456	0.903	0.682	74.03	0.603
UK	(£)	53.35	9.990	8.738	2.550	1.054	2510	2.853	11.08	260.1	208.3	12.42	2.195	1	1.981	1.496	162.5	1.323
Canada	(C$)	26.93	5.043	4.411	1.287	0.532	1267	1.440	5.593	131.3	105.1	6.270	1.108	0.505	1	0.755	82.03	0.668
US	($)	35.66	6.678	5.841	1.705	0.705	1676	1.907	7.406	173.9	139.2	8.302	1.467	0.668	1.324	1	108.6	0.884
Japan	(Y)	328.3	61.48	53.77	15.69	6.486	15446	17.56	68.16	1601	1282	76.43	13.51	6.154	12.19	9.206	1000.	8.142
Ecu		40.33	7.551	6.605	1.927	0.797	1897	2.156	8.375	196.6	157.4	9.388	1.659	0.756	1.497	1.131	122.8	1

Yen per 1,000: French Fr, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Dec 9	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.16100	-0.0008	-1.63	3.83	-
Ireland	0.808628	0.799334	-0.000447	-1.15	3.43	8
Germany	1.94964	1.93113	+0.00111	-0.95	3.22	-
Belgium	40.2123	40.3421	+0.0429	0.32	1.91	-2
France	6.53883	6.61470	-0.01431	1.18	1.07	-10
Denmark	7.43679	7.56650	-0.02451	1.81	0.82	-11
Portugal	192.854	196.823	+0.203	2.06	0.16	-14
Spain	154.250	157.703	+0.034	2.24	0.00	-16
NON ERM MEMBERS						
Greece	264.513	276.150	-0.249	4.40	-2.07	-
Italy	1793.19	1900.41	+8.27	5.98	-3.53	-
UK	0.786749	0.757481	-0.00048	-3.72	6.19	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. [illegible]

■ D-MARK FUTURES (IMM) DM 125,000 per DM

[illegible]

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

[illegible]

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

[illegible]

■ STERLING FUTURES (IMM) £62,500 per £

[illegible]

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

[illegible]

WORLD INTEREST RATES

MONEY RATES

[illegible]

■ $ LIBOR FT London Interbank Fixing

[illegible]

EURO CURRENCY INTEREST RATES

[illegible]

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

[illegible]

■ THREE MONTH EURODOLLAR (LIFFE) $1m points of 100%

[illegible]

■ THREE MONTH EUROMARK FUTURES (LIFFE) DM1m points of 100%

[illegible]

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

[illegible]

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

[illegible]

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

[illegible]

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

[illegible]

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

[illegible]

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

[illegible]

UK INTEREST RATES

LONDON MONEY RATES

[illegible]

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

[illegible]

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

[illegible]

BASE LENDING RATES

	%		%		%
Adam & Company	5.5	Duncan Lawrie	5.5	●Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	6
Allied Trust Bank	5.5	Exeter Bank Limited	7	Royal Bk of Scotland	5.5
AIB Bank	5.5	Financial & Gen Bank	6	●Smith & Williamson Secs	5.5
●Henry Ansbacher	5.5	●Robert Fleming & Co	5.5	Standard Chartered	5.5
Bank of Baroda	5.5	Girobank	5.5	TSB	5.5
Banco Bilbao Vizcaya	5.5	●Guinness Mahon	5.5	●United Bk of Kuwait	5.5
Bank of Cyprus	5.5	Habib Bank AG Zurich	5.5	Unity Trust Bank Plc	5.5
Bank of Ireland	5.5	●Hambros Bank	5.5	Western Trust	5.5
Bank of India	5.5	Heritable & Gen Inv Bk	5.5	Whiteaway Laidlaw	5.5
Bank of Scotland	5.5	●Hill Samuel	5.5	Wimbledon & Sth West	7
Barclays Bank	5.5	C. Hoare & Co	5.5	Yorkshire Bank	5.5
Brit Bk of Mid East	5.5	Hongkong & Shanghai	5.5		
●Brown Shipley	5.5	Julian Hodge Bank	5.5		
CL Bank Nederland	5.5	●Leopold Joseph & Sons	5.5		
Citibank NA	5.5	Lloyds Bank	5.5		
City Merchants Bank	5.5	Meghraj Bank Ltd	5.5		
Clydesdale Bank	5.5	Midland Bank	5.5		
The Co-operative Bank	5.5	●Mount Banking	6		
Coutts & Co	5.5	NatWest	5.5		
Cyprus Popular Bank	5.5	●Rea Brothers	5.5		

● Members of British Merchant Banking & Securities Houses Association

* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

WORLD STOCK MARKETS

EUROPE

PACIFIC

NORTH AMERICA

AFRICA

INDICES

	Dec 9	Dec 8	Dec 7	1993 High		1993 Low	
Bangkok SET (30/4/75)	1480.63	1436.92	1442.56	1480.63	9/12	818.84	1/6
Turkey							
Istanbul Cmp.(Jan 1986)	17826.7	17935.6	17382.0	18977.10	30/11	3935.53	1/1
WORLD							
MS Capital Int (1/1/70)$	592.3*	587.7	589.2	607.10	15/10	488.60	13/1
CROSS-BORDER							
Eurotrack 100(26/10/90)	1416.66	1416.22	1399.50	1416.66	9/12	1063.02	13/1
Euro Top-100 (26/6/90)	1189.00	1186.25	1177.42	1189.00	9/12	882.73	13/1
JCapeDrgns (31/12/88)	(c)	323.04	322.69	323.04	9/12	189.92	4/1
Barings Emerg.(7/1/92)	151.89	150.65	151.23	151.89	9/12	90.81	4/2

CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Dec	2235.0	2224.0	+4.0	2236.0	2214.0	16,304	49,141
Jan	2246.5	2236.5	+4.0	2249.0	2226.6	1,015	5,061
Feb	2258.5	2247.5	+4.0	2258.5	2258.5	1	150
Mar	2267.0	2259.0	+4.0	2268.0	2255.0	673	13,470

Open interest figures for previous day.

US INDICES

Dow Jones	Dec 9	Dec 7	Dec 6	1993 High	1993 Low	Since compilation High	Since compilation Low
Industrials	3734.53	3718.88	3710.21	3734.53 (8/12)	3241.95 (20/1)	3734.53 (8/12/93)	41.22 (2/7/32)
Home Bonds	110.89	110.84	110.61	110.89 (8/12)	103.49 (11/1)	110.89 (8/12/93)	54.99 (1/10/81)
Transport	1767.46	1758.70	1756.35	1770.67 (2/12)	1453.84 (4/1)	1770.67 (2/12/93)	12.32 (8/7/32)
Utilities	225.14	227.52	225.81	256.46 (31/8)	217.14 (8/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3756.50 (3746.82) Low 3693.73 (3689.26) (Theoretical♠) Day's high 3734.81 (3723.63) Low 3715.00 (3709.38) (Actual♠)

Standard and Poors							
Composite ‡	466.29	466.76	466.43	469.50 (15/10)	429.05 (8/1)	469.50 (15/10/93)	4.40 (1/6/32)
Industrials♥	538.82	538.91	539.25	540.25 (16/11)	496.48 (26/4)	540.25 (16/11/93)	3.62 (21/6/32)
Financial	44.66	44.64	44.60	48.40 (28/9)	39.88 (8/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	257.97	257.98	257.65	260.48 (15/10)	236.21 (8/1)	260.48 (15/10/93)	4.46 (25/4/42)
Amex Mkt Val	469.87	476.40	465.82	484.28 (2/11)	395.84 (8/1)	484.28 (2/11/93)	29.31 (9/12/72)
NASDAQ Cmp	787.89	789.35	771.09	787.42 (15/10)	645.87 (26/4)	787.42 (15/10/93)	54.87 (31/10/72)

RATIOS

	Dec 3	Nov 26	Nov 19	Year ago
Dow Jones Ind. Div. Yield	2.70	2.71	2.71	3.13
	Dec 9	Dec 1	Nov 24	Year ago
S & P Ind. Div. yield	2.39	2.41	2.40	2.65
S & P Ind. P/E ratio	27.41	27.08	27.14	27.71

STANDARD AND POORS 500 INDEX FUTURES $500 times Index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Dec	465.95	465.85	-0.05	466.45	465.50	52,367	126,363
Mar	-	-	-	-	-	-	-
Jun	-	-	-	-	-	-	-
Sep	-	-	-	-	-	-	-

Open interest figures are for previous day.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Pac G E	20,329,300	34⅝	-⅜
Vodafone	13,381,800	85⅞	+1⅝
Telefonos	5,360,800	61½	+1⅝
Host Marriott	3,793,700	18	+⅜
Amer Barrick	3,042,600	28¼	+1⅛
Conti Air B	2,842,700	20⅝	-1¼
Gen Motors	2,783,500	55⅞	+¾
Limited	2,771,200	18	+⅛
Cyprus Amax	2,744,300	24⅛	+⅛
Philip Morris	2,739,400	56	-¼

TRADING ACTIVITY

● Volume (million)	Dec 8	Dec 7	Dec 9
New York SE	304.258	270.981	287.414
Amex	20.398	15.760	16.238
NASDAQ	293.436	298.838	292.880
NYSE			
Issues Traded	2,691	2,688	2,693
Rises	1,048	1,049	1,219
Falls	992	986	848
Unchanged	651	653	626
New Highs	90	82	102
New Lows	22	27	27

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♠ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

TOKYO - MOST ACTIVE STOCKS: Thursday, December 9, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	4.9m	308	+12	Japan Metal & Chem	2.3m	539	+38
Keisei Elec Rlwy	3.9m	810	+22	NKK Corp	2.3m	235	+7
Suzuki Motor	3.3m	862	+23	Toshiba Corp	2.2m	668	+27
Hitachi	2.8m	786	+17	NEC Corp	2.1m	850	+28
Sumitomo Elec	2.8m	1,270	+30	Fuji Bank	1.9m	1,900	+80

4 pm close December 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

Continued on next page

4 pm close December 9

NYSE COMPOSITE PRICES

Continued from previous page

1993 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Price data supplied by Telekurs

NASDAQ NATIONAL MARKET

4 pm close December 9

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMEX COMPOSITE PRICES

4 pm close December 9

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICA

Producer price figures fail to dampen Dow

Wall Street

Following the bond market's lead, US blue-chip stocks accelerated yesterday morning after initial disappointment over November producer price data gave way to underlying optimism on the economy, *writes Frank McGurty in New York.*

The rally was narrowly based, however, and most market indices showed slight declines.

At 1pm, the Dow Jones Industrial Average was 10.06 higher at 3,744.59, pushing into record territory for the third consecutive day. But the Standard & Poor's 500, which is a better measure of the wider market, eased 0.32 to 465.97. The American SE composite dipped 0.01 to 457.96, while technology issues again hurt the Nasdaq, down 3.52 at 764.37.

The tone in equities was guided by the US Treasury market, which reacted with initial disappointment when the labor department announced that core producer prices – excluding the more volatile energy and food components – had increased by 0.4 per cent last month. While the figure suggested that inflationary pressures were still modest, bonds fell on the unfulfilled expectation of a 0.2 per cent rise.

However, once traders realised that a 2.1 per cent advance in car prices was mostly responsible for the headline figure, the market retraced ground and equities followed suit. By midday, the benchmark 30-year government bond had climbed 5/32 to 100 6/32, to yield 6.132 per cent.

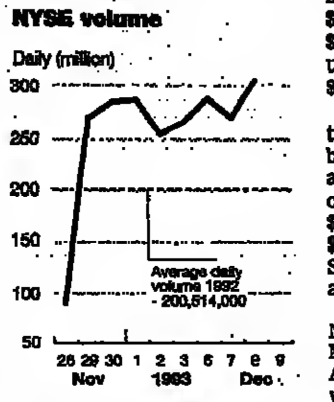
For a second straight day, Wall Street's advance was powered by the strength of cyclical stocks, which are most sensitive to broad economic trends.

Caterpillar, the heavy-equipment manufacturer, gained $2 at $87, Rockwell added $⅜ to $35⅝, and Union Carbide was $¼ higher at $21⅞.

Alcoa had another good day, up $1¼ at $73⅝. General Tire kicked in with a $⅜ gain to $46⅜.

The big three car makers were positioned near the top of the NYSE's most active list. General Motors was $⅝ higher at $56, Ford added $⅜ to $63⅝, and Chrysler was up $¼ at $53¼.

NYSE volume



Defence-related and aerospace issues were mostly higher. Boeing picked up $⅜ to $39⅞, Allied Signal put on $⅜ to $76⅞, and General Electric climbed $1 to $101⅞.

As a Delaware appeals court panel heard testimony over the proposed takeover of Paramount Communications, the company's stock moved up $2 to $81¼. Viacom, thwarted by a lower court in its friendly merger bid, gained $1⅛ to $50⅞, and its B shares added $1⅛ to $45⅞. QVC, the unfriendly suitor, lost $1⅛ to $43⅞.

The embattled semiconductor sector suffered a further blow after a trade group issued a disappointing report on orders. Motorola shed $1⅞ to $92⅞, Texas Instruments fell $1⅛ to $62⅞, but National Semiconductor was unchanged at $14⅞.

The damage spilled over into Nasdaq technology issues, with Microsoft off $2⅛ at $81 and Apple down $⅞ at $31⅞. Dataware Technologies plunged $7 to $9 on a poor fourth-quarter earnings outlook.

Canada

Toronto slipped back by midsession as investors took profits and the TSE-300 composite index was off 6.34 at 4,301.33 in turnover of 31.1m shares valued at C$385m. Declining stocks outpaced advances 358 to 295, with 323 issues steady.

Bank Of Montreal was up C$⅛ at C$26⅞.

Peruvian equities enter a new period of maturity

Sally Bowen finds that trading has calmed down

Lima's small but turbulent stock market looks set for a period of calmer trading patterns. Investors can expect less spectacular gains than hitherto, but their Peruvian holdings should cause them fewer sleepless nights.

The Lima bourse – the second most profitable in the world in 1992 with a dollar gain of 125 per cent, according to IFC data – is showing signs of greater maturity. For example, a new law requires purchase orders to be handled in strict rotation, while regulations outlawing insider trading and introducing consolidated balance sheets, both in the pipeline, are further indications that the equity market is coming of age.

Expansion since the introduction of liberal economic reform in 1991 has maintained a dizzying pace. Daily turnover now regularly reaches $10m, against $300,000 just two years ago, and this year's total has already topped $1.5bn, up from $550m in 1992.

Until 1993, some eight major shares accounted for 80 per cent of all trading, whereas now that same percentage includes more than three dozen issues. Foreign investors are still responsible for two-thirds of daily trading but, say local brokers, the more speculative investors are moving on elsewhere and there is less volatility.

Lima's general share index has put on an impressive 70 per cent in the year so far, even though 22 per cent was knocked off values last month. Some analysts attribute the November slide to an unenthusiastic "yes" vote in October's referendum on the constitution. Others say that it was a predictable adjustment to overvaluation.

Spectacular price rises in the past few years "have been entirely due to a revaluation of assets", says Mr Federico Laffan, Peruvian fund manager of Foreign and Colonial Emerging Markets. Blue chips were "so ridiculously cheap you just had to put money in – even though reliable information on companies was non-existent", he adds.

Distortions originating from the hyper-inflation of the late 1980s has meant that standard indicators are all but useless to measure the real worth of Peruvian shares, and foreign fund managers have had to resort to makeshift indicators such as market capitalisation and sales.

The Lima bourse is showing signs of maturity and daily turnover now regularly reaches $10m, against $300,000 just two years ago. This year's total has already topped $1.5bn.

"If you saw a company with sales of $100m and market capitalisation of $10m, then the share was extremely cheap," remarks Mr Laffan. "Now the markets have emerged from that initial revaluation phase. Even with November's price correction the blue chips look expensive and the earnings tendency is uncertain."

Foreign and Colonial's Peru Fund has done well, however, showing 25 per cent appreciation since it got fully under way in late June. This year's profits have come largely from riskier "second tier" stocks subject to a revaluation similar to that which the blue chips experienced last year.

Selected second liners – often companies bought by foreign investors – have risen by up to 900 per cent this year.

But such bargains are no longer to be found and future price rises, say brokers, will be more rational and orderly.

"Peru is coming out of recession and once sales pick up and companies are working nearer full capacity, price/earnings ratios will look attractive again," says Mr Jose Almenara, general manager of the stock exchange.

According to Mr Jose Picasso of Argos, a Lima stockbroking firm, buyers in 1994 will be "much more selective, looking closely at who is managing a company and how well prepared it is for the changed economic environment". Mr Picasso predicts that next year's growth will be in consumption oriented companies and mining, a long depressed sector where foreign capital is entering strongly.

Most analysts agree that consolidated balance sheets will be a key step in the transformation to modernity. At the moment companies do not disclose the extent of their holdings in other activities.

"If that law comes through," says Mr Laffan, "I would turn from my currently neutral position into a raging bull."

EUROPE

Frankfurt gains despite profit-taking

Bourses added to recent gains, *writes Our Markets Staff.*

FRANKFURT paused to draw breath with the DAX index closing the official session 27.67, or 1.3 per cent higher at a new closing high of 2,175.80; but this incorporated an Ibis-indicated riss to 2,165.95 at Wednesday's post-bourse close, and followed a further gain to around 2,181 in tha pre-bourse yesterday. It was followed, furthermore, by a fall to 2,162.90 yesterday afternoon.

Turnovsr ross from DM10.4bn to DM11.8bn. Mr Werner Kähs at Bak Julius Bär in Frankfurt said that after the pre-bourse surge, profit-taking came in from London and kept gains among most senior blue chips within bounds. The best rises, he said, came among second line blue chip stocks.

In banks, Berliner put on DM16 to DM462 on the official session, and Bayernverien DM10.50 to DM579. One of the biggest gains in the second-string blue chip category came in Schering, recovering from a flat day on Tuesday, and reflecting a dividend increase from DM13 to DM14.22 which, for German shareholders, would offset a reduced tax credit on dividend income. The shares rose DM39 to DM1,124.

Volkswagen fell from a pre-bourse DM429 to a post-bourse DM423.50 after the carmaker said that it would post a 1993 group loss of DM2.3bn, following a DM2bn loss forecast late in November.

ZURICH remained in record territory with liquidity continuing to be attracted by the outlook for interest rates, although an element of caution was noted ahead of Sunday's Russian election and the outcome of the Gatt talks.

The SMI index rose 14.6 to 2,858.4, with the market also awaiting today's statement from the Swiss National Bank on the monetary outlook for 1994.

Ascom, the troubled telecommunications company, surged SFr85 or 7.8 per cent to SFr1,170 as reports emerged that Mr Leonardo Vanotti, the chief executive, was about to be replaced.

Sandoz bearers rose another SFr40 to SFr3,930, profiting from planned and realised options issues, together with this week's positive corporate announcements. Sulzer certificates added SFr18 to SFr792 on rumours of a forthcoming strong buy recommendation.

A SFr100 rise to SFr3,950 by Electrowatt was attributed to positive press comment.

MILAN was heartened by the success of the Credito Italiano privatisation and the Comit index rose 10.81 or 1.9 per cent to 584.27.

Credito added L77 or 3.3 per cent to L2,435: the public offer of 840m shares was six times subscribed and closed two days early. BCI rose L269 or 5.7 per cent to L4,990 as the government pressed for its privatisation to be brought forward to February from April.

CIR added L100 or 6.8 per cent to L1,575 in response to AT&T's sale of its remaining 10.1 per cent stake.

AMSTERDAM advanced into record territory during the session before a dull opening on Wall Street made investors more cautious. The CBS Tendency index ended off 0.4 at 140.4, having edged forward to 141.7. Royal Dutch was a big influence on the broad market, dipping Fl 4.70 to Fl 196.00 as the pice of crude continued to soften. Hoogovens added 10 cents to Fl 44.70 after announcing thet unions had agreed a pay freeze for 1994/1995.

FT-SE Actuaries Share Indices

Dec 9							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1422.74	1421.33	1421.00	1424.34	1423.66	1423.08	1418.47	1416.88
FT-SE Eurotrack 200	1489.82	1488.98	1487.72	1490.78	1489.85	1488.34	1484.13	1482.79

	Dec. 8	Dec. 7	Dec. 6	Dec. 3	Dec. 2
FT-SE Eurotrack 100	1416.22	1399.50	1397.37	1387.12	1374.16
FT-SE Eurotrack 200	1483.16	1467.49	1469.43	1464.15	1456.67

Base value 1000 (26/10/90) High/day: 100 - 1425.03; 200 - 1491.42 Low/day: 100 - 1416.54 200 - 1482.79.

PARIS inched forward with the CAC-40 index closing 6.09 ahead at 2,211.40. Turnover was FFr4.5bn.

Trading in Rhône-Poulenc was halted briefly late in the session owing to extremely high volume in the stock. The shares closed 60 centimes higher at FFr150.1 with some 1.7m shares changing hands.

Euro Disney came back into the news on reports that US hotel chains were to build accommodation near the resort, undercutting prices there. The shares dipped FFr2.15 to FFr34.80.

STOCKHOLM noted another decline in Ericsson B shares, which closed off SKr25 at SKr331. The Affärsvärlden general index ended up 1.2 at 1,360.4.

Turnover was SKr2.5bn.

MADRID improved higher following its closure for public holidays earlier this week. The general index put on 3.17 to 308.09 in turnover of Pta30bn.

Written and edited by William Cochrane, John Pitt and Michael Morgan.

ASIA PACIFIC

Nikkei jumps 3.4 per cent in a strong region

Tokyo

The Nikkei average jumped 3.4 per cent, rising above the 17,000 level for the first time in four trading days following comments by the governor of the Bank of Japan, *writes Emiko Terazono in Tokyo.*

Mr Yasushi Mieno, the governor, said that further falls in the stock market would dampen business sentiment and have an adverse impact on the economy.

The 225-issue index, which had fallen by 2.3 per cent on Wednesday, rebounded 553.96 to 17,061.91. The Topix index of all first section stocks rose 41.20, or 3 per cent, to 1,437.74. In London the ISE/Nikkei 50 index put on 2.54 at 1,174.58.

The governor's comments sparked a late afternoon rally, pushing tbe Nikkei up to a day's high of 17,089.01 just before the close, having opened at a low of 16,545.15.

Activity was also supported by index-linked buying prompted by Mr Morihiro Hosokawa, the prime minister, pledging on Wednesday that he would do whatever possible to ensure a market recovery.

Volume was 232m shares, against Wednesday's 286m, wbile rises overwhelmed declines by 1,015 to 65.

Investors were also encouraged by the passage of the supplementary budget through the lower house and reports that some leaders of the coalition were calling for the establishment of a public entity to buy land held by banks.

Nippon Telegraph and Telephone rose Y35,000 to Y720,000 and East Japan Railway gained Y10,000 at Y423,000.

Index-linked buying supported banks, Industrial Bank of Japan adding Y60 at Y2,840 and Fuji Bank Y80 at Y1,900.

Construction companies, which have been battered by the recent spate of bribery scandals, were bought by institutional investors, who believe that most of the bad news is now in the market. Taisei moved ahead Y17 to Y640, Obayashi Y14 to Y595 and Shimizu Y20 to Y770.

In Osaka, the OSE average rose 576.14 to 18,909.35 in volume of 27.8m shares.

Roundup

The region saw strong performances yesterday.

HONG KONG surged 2.5 per cent to a record high, powered by hefty gains in index futures on the back of strong US demand. The Hang Seng index added 240.03 at 9,990.26, surpassing the previous intraday high of 9,937.36 set on December 7 and Wednesday's closing record of 9,750.23. Turnover came to HK$8.31bn.

In subsequent London trading, the indicative index rose a further 126 to 10,117.

December futures contracts touched a high of 10,215 before closing at 10,190, a 200-point premium to the local market, having ended at a 60-point discount the previous day.

Mr Michael Franklin of James Capel commented that the market had become increasingly technical, with futures trading reflecting options hedging. He added that a convincing break through 10,000 on the Hang Seng index could open the way for a rise to the 12,000 level although, because of the technical nature of trading, the market could also fall back very quickly.

SINGAPORE followed Hong Kong's lead, climbing to a new closing peak amid strong demand for banking and infrastructure stocks. The Straits Times Industrial index put on 7.11 at 2,156.32.

BANGKOK forged ahead 3 per cent to a record high, with the SET index rising 43.71 to 1,480.63 in Bt25.92bn turnover.

Finance and securities issues have been favoured on the expectation that the increased daily turnover in the stock market would raise these firms' profits, while the property sector has found support from lower interest rates.

JAKARTA edged higher in moderate late trading and the official index added 2.0 at 525.32. Strong demand which took Indah Kiat Rp175 higher to Rp2,250 surprised some analysts following the company's recent lower than expected third-quarter earnings.

KUALA LUMPUR saw demand for speculative and laggard stocks, while a rebound in Telekom Malaysia helped to lift the composite index 6.55 to a closing 1,067.34. Telekom finished 50 cents ahead at M$19.90.

SEOUL saw a continuation of Wednesday's strong performance as turnover soared to record levels. The composite index ended 7.24 up at 843.95 after a day's high of 855.30.

Turnover came to Won1,430bn.

KARACHI was pulled higher by active foreign interest in major issues. The KSE 100 index rose 14.87 to 1,868.31.

MANILA eased in spite of a solid rise in the mining sector, which advanced after the price of gold firmed in New York overnight. The composite index slipped 8.30 to 2,510.62, as the mining sub-index soared 375.61 to 5,250.16. Turnover dipped to 697m pesos from Wednesday's 762m pesos.

AUSTRALIA also declined slightly as profit-taking in the industrial sector was balanced by a surge in resource stocks. The All Ordinaries index lost just 0.8 to 2,095.7, after hitting a high in early trading of 2,107.2.

Sentiment was dampened by News Corporation, which retreated 62 cents to A$10.28 after the company withdrew its plan to issue shares witb "super voting rights".

SOUTH AFRICA

The market beavyweights, De Beers and Anglos, led the pack again, adding R3 at R96.50 and R15.50, or 8.9 per cent, at R193. Golds gained 75, or 3.7 per cent, at 2,064 and industrials rose 47 to 5,072, pushing the overall index up 101 to a new closing high of 4,491.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY DECEMBER 8 1993 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY DECEMBER 7 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993 High	1993 Low	Year ago (approx)
Australia (69)	158.75	+1.7	158.42	109.65	141.81	157.89	+0.8	3.26	157.10	156.11	106.65	139.30	156.58	162.83	117.39	120.21
Austria (17)	180.18	+0.1	178.67	123.98	159.70	159.47	+0.0	1.00	180.05	176.91	122.46	159.65	159.47	184.47	131.18	140.29
Belgium (42)	161.29	+0.3	159.95	110.72	142.97	141.41	+0.3	4.07	160.62	159.60	109.37	142.59	140.99	161.29	131.18	137.19
Canada (107)	135.71	+1.1	134.58	93.16	120.29	130.01	+1.1	2.58	134.25	133.40	91.30	119.03	128.56	135.71	111.41	114.38
Denmark (32)	238.69	+0.4	236.70	163.85	211.58	216.77	+0.0	1.05	237.64	236.14	161.63	210.71	216.87	241.06	165.11	163.18
Finland (23)	124.50	+0.8	123.47	85.47	110.36	149.95	+0.8	0.70	123.45	122.67	83.97	109.47	148.65	128.99	65.50	78.24
France (98)	171.55	+1.7	170.13	117.78	152.05	157.15	+1.2	2.96	168.70	167.64	114.74	149.57	155.27	173.05	142.72	147.38
Germany (60)	136.88	+1.4	135.74	93.96	121.33	121.33	+1.4	1.70	134.98	134.13	91.82	119.68	119.68	136.88	101.59	104.90
Hong Kong (55)	398.45	+0.1	395.14	273.52	353.21	395.07	+0.1	2.76	398.05	395.55	270.74	352.97	394.69	398.45	216.82	213.00
Ireland (14)	176.63	+0.2	175.16	121.25	156.57	175.76	+0.4	3.22	176.99	175.67	120.38	156.93	176.55	179.19	129.28	131.05
Italy (70)	65.84	+0.4	65.30	45.20	58.36	82.12	+0.0	2.04	58.57	65.15	44.59	58.14	82.12	78.93	53.78	55.28
Japan (469)	129.97	-2.6	128.89	89.22	115.22	89.22	-1.7	0.82	133.49	132.64	90.79	118.38	90.79	165.91	100.75	106.20
Malaysia (69)	516.85	+0.2	512.56	354.79	458.14	508.18	+0.3	1.37	515.65	512.40	350.71	457.21	506.82	516.85	251.88	269.74
Mexico (19)	2203.14	+0.2	2184.88	1512.41	1952.93	7479.33	+0.2	0.66	2198.58	2184.72	1495.38	1949.45	7463.85	2203.14	1410.30	1832.91
Netherland (26)	196.89	-0.9	195.25	135.18	174.53	171.45	+0.7	3.09	195.05	193.82	132.67	172.96	170.21	197.07	150.39	158.10
New Zealand (14)	64.10	+1.1	63.56	44.00	56.82	61.33	+0.4	3.83	63.41	63.01	43.13	56.22	61.11	68.38	40.56	42.43
Norway (23)	170.33	+0.7	168.92	116.93	150.99	170.91	+0.7	1.49	169.10	168.03	115.02	149.94	169.79	185.10	137.71	147.66
Singapore (39)	324.29	-0.4	321.60	222.62	287.46	238.74	+0.4	1.34	325.54	323.48	221.42	288.65	239.68	332.55	207.04	202.29
South Africa (60)	233.98	-2.0	231.74	160.41	207.14	223.71	+2.3	2.44	229.15	227.70	155.85	203.16	218.62	233.68	144.72	157.05
Spain (42)	136.14	+0.2	135.01	93.46	120.68	143.69	-0.0	4.15	135.90	135.04	92.43	120.50	143.83	145.24	115.23	117.46
Sweden (36)	198.26	+0.3	197.69	129.93	187.77	232.83	+0.0	1.50	188.72	187.53	128.36	187.34	232.72	208.92	149.70	168.98
Switzerland (50)	155.78	+0.2	154.49	106.95	138.11	141.59	+0.2	1.53	155.48	154.50	105.76	137.89	141.27	155.78	108.81	111.79
United Kingdom (215)	198.05	+1.3	196.41	135.95	175.54	196.41	+1.1	3.66	195.48	194.25	132.95	173.31	194.25	198.05	162.00	171.98
USA (518)	189.87	-0.1	188.30	130.35	168.31	189.87	-0.1	2.73	190.13	188.93	129.33	168.60	190.13	191.56	175.38	177.82
Europe (748)	164.77	+1.1	163.40	113.11	146.06	158.24	+0.9	2.87	163.01	161.98	110.89	144.55	156.86	164.77	133.92	136.56
Nordic (114)	183.63	+0.4	182.10	126.06	162.78	194.12	+0.2	1.28	182.84	181.69	124.38	162.12	193.77	194.54	142.13	152.70
Pacific Basin (715)	141.34	-2.1	140.17	97.03	125.29	100.63	-1.4	1.20	144.38	143.47	98.20	128.02	102.05	168.60	105.89	110.36
Euro-Pacific (1463)	150.94	+0.7	149.89	103.61	133.79	122.60	-0.4	1.95	151.99	151.03	103.37	134.76	123.07	162.86	117.26	120.96
North America (625)	186.49	-0.1	184.94	128.04	165.34	185.78	-0.1	2.72	186.65	185.47	126.96	165.53	185.91	187.68	171.51	173.89
Europe Ex. UK (533)	143.82	-0.6	142.63	98.75	127.51	135.89	+0.7	2.35	142.50	141.60	96.94	126.38	134.90	143.82	112.51	115.37
Pacific Ex. Japan (246)	249.98	+0.5	247.91	171.63	221.61	230.63	+0.3	2.56	248.62	247.05	169.12	220.47	230.15	249.98	152.70	151.26
World Ex. US (1649)	152.80	-0.8	151.53	104.90	135.45	125.70	-0.3	1.98	153.69	152.72	104.54	136.28	126.06	162.89	118.51	122.08
World Ex. UK (1952)	160.96	-0.6	159.62	110.50	142.69	140.72	-0.4	2.10	161.34	160.32	110.15	143.61	141.25	168.66	134.22	136.88
World Ex. So. Af. (2107)	163.80	-0.4	162.44	112.46	145.21	144.86	-0.3	2.25	164.52	163.48	111.81	145.89	145.25	170.46	137.29	139.92
World Ex. Japan (1698)	183.70	+0.4	182.18	126.12	162.86	179.58	+0.3	2.73	182.96	181.81	124.46	162.25	179.00	183.70	167.47	169.05
The World Index (2167)	164.19	-0.4	162.83	112.72	145.55	145.53	-0.2	2.26	164.87	163.93	112.14	146.20	145.86	170.96	137.32	139.93

JOBS: Student success-rates cast doubt on universities' protests about government policy change

How shut-outs differ from drop-outs

Gorblimey! Can it be that a British government has at last decided that a sacred cow of 30 years' standing is largely bull? The protean creature concerned is degree-level education which has grown to absorb almost 10 per cent of the £32.3bn yearly public cost of education as a whole.

What return taxpayers receive on their £3bn outlays for degree studies is another question. It has rarely been asked, let alone answered, by the country's leaders since the growth policy was first recommended by the Robbins Committee, 30 days before President Kennedy died in Dallas.

The committee itself evidently just assumed that producing more graduates would automatically improve Britain's economic performance, besides making for a more civilised society in general. And the non-appearance of the said benefits did not deter a succession of governments from continuing the growth, albeit irregularly, so that the number of full-time students today stands at a million in the round.

Then suddenly last week the policy was thrown into reverse by the budget, which ordains that the intake of new undergraduates must be cut by 3.5 per cent next year. Whether that means John Major and company have tired of waiting for the promised benefits and are preparing the beast for protracted slaughter, who but themselves can tell? The issue is so potentially explosive that no ambitious politician would admit having any such intention, whatever the truth of the matter might be.

Either way, universities are resisting the change with protests, and not only because it's a poor reward to them for raising staff productivity by 30 per cent in four years. The cut is senseless when white-collar jobs are scarce, they say, since it means that no fewer than 10,000 people who could otherwise have been admitted to degree studies, will now have to be turned away.

With due respect to the universities, however, their readiness to quote figures on student admissions contrasts sharply with their statistical shyness on an allied question. It is: how many of the undergraduates who start their courses, quit them without obtaining a degree?

While the existence of drop-outs is now at least acknowledged in an annual report, it presents the data in a way far from user-friendly to taxpayers. Indeed, the figures are at once both so restricted and so complicated that the number of students who fail to complete their courses can only be estimated, not least because the document neglects to state how many started out. Moreover the information applies solely to the 40-odd older universities, so the former polytechnics lately elevated to the same title are left out of account.

Even so, drop-out rates are surely important enough for approximations to be better than no indications at all. Hence the table below which refers to students who ended their undergraduate courses, either with or without gaining a degree, during the three years 1990-92. Each university's name is followed by the estimated total of such students, and next by the actual number who were successful, which is given in the report.

Then comes a double complication. Not only does the mix of subjects taught vary from one campus to another, but different kinds of studies present differing levels of difficulty to the students taking them. Among the 20 separate groups of subjects listed in the data, the country-wide success rates range from 81 per cent for architecture and suchlike to 91 per cent for business and administration. But neither the campus-to-campus variances nor the difficulty differences are allowed for in the figures headed "drop-out rate" which accordingly, as well as being estimates, are an unfair measure to judge any individual university by.

A better yardstick is the plus or minus score that follows, which does allow for the variances. It is arrived at by giving each campus a "target" consisting of the number of drop-outs it would have if its students had conformed to the national averages for the particular groups of subjects they studied. The target is then compared with the estimated number of drop-outs, which I feel confident is in no case badly astray. For example, the estimate for Cambridge is 241 - 861 or 78 per cent better than its target of 1,102. Salford is the opposite with a target of 588, and an estimate 77 per cent worse at 1,043.

But in the light of government policy, individual differences are less salient than the overall figures. There, the gap between the actual successes and the estimated total is 31,676 - three times as many drop-outs just from the older universities as the number of new entrants the whole lot of institutions are complaining they will collectively have to turn away.

Michael Dixon

	University	Estimated total u/g students	Number successful	Drop-out rate %	% better(+) or worse(-) than target
1	Cambridge	8,400	8,159	3	+ 78
2	Oxford	9,075	8,625	5	+ 60
3	Durham	4,410	4,111	7	+ 47
4	Warwick	5,692	5,185	9	+ 33
5	Bristol	5,674	5,185	9	+ 33
6	Southampton	5,256	4,784	9	+ 30
7	Nottingham	5,850	5,279	10	+ 24
8	Leeds	8,402	7,550	10	+ 22
9	Loughborough	4,455	3,954	11	+ 21
10	Aberdeen	3,571	3,216	10	+ 20
11	Hull	4,695	4,425	6	+ 19
12	Lancaster	4,360	3,930	10	+ 18
13	York	3,364	3,015	10	+ 17
14	Birmingham	6,750	5,996	11	+ 14
15	Exeter	4,453	3,958	11	+ 12
16	Belfast	5,600	4,959	11	+ 11
17	Sheffield	6,542	5,722	13	+ 5
18	Manchester	8,654	7,568	13	+ 4
19	Leicester	4,122	3,622	12	+ 3
20	Bath	3,070	2,653	14	+ 2
21	Wales	17,277	15,184	12	+ 2
22	Sussex	3,657	3,210	12	+ 1
23	Kent	3,819	3,351	12	- 1
24	East Anglia	3,634	3,192	12	- 1
25	Ulster	6,039	5,250	13	- 6
26	Essex	2,824	2,458	13	- 5
27	Stirling	2,131	1,873	12	- 8
28	UMIST	3,688	3,089	15	- 10
29	Edinburgh	6,147	5,309	14	- 10
30	Surrey	2,779	2,351	15	- 12
31	Strathclyde	5,908	4,974	16	- 12
32	Aston	2,985	2,555	14	- 13
33	St Andrews	2,484	2,143	14	- 15
34	Reading	5,452	4,646	15	- 17
35	Keele	2,492	2,106	16	- 20
36	Bradford	3,596	3,040	15	- 21
37	Newcastle	6,332	5,279	17	- 24
38	Glasgow	6,770	5,626	17	- 25
39	Liverpool	6,674	5,527	17	- 33
40	London	26,833	22,109	18	- 38
41	Heriot-Watt	2,859	2,278	20	- 36
42	Brunel	2,179	1,722	21	- 42
43	Dundee	2,074	1,714	17	- 43
44	City	2,485	2,008	19	- 48
45	Salford	3,989	2,946	26	- 77
	Overall	247,502	215,826	13	same

TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

CHIEF EXECUTIVE

INVEST IN BRITAIN BUREAU

London-based
c.£60,000

The UK has an enviable reputation for its success in attracting inward investment: 41% of all Japanese and 38% of all US investment in the European Community is located in Britain. The vehicle for promoting inward investment is the Invest in Britain Bureau, the part of the DTI which is responsible for internationally marketing the UK as a base for investment and for co-ordinating the inward investment activities of the UK's other agencies.

The President of the Board of Trade intends to build on the IBB's success. This initiative will be led by the IBB's new Chief Executive - an appointment created further to enhance the standing and the role of the IBB and aggressively to promote Britain within both existing and emerging investment sources.

Candidates will be individuals of stature, reputation and maturity who have already achieved the highest level in their business careers. Their functional specialism is likely to have been marketing, probably in the manufacturing or service sectors. They will have developed the widest of business perspectives, will have operated internationally for many years, and will command respect in the corridors of government. They will have a powerful belief in the mission of the IBB and - perhaps - see the role as an appropriate pinnacle of their career.

Alternatively, candidates could be younger, very talented high-flyers for whom this appointment would represent a significant step forward in an already burgeoning business career.

The initial contract period will be for three years, renewable thereafter, with salary in the range £51,000 - £60,000 plus pension provision. More may be available for an exceptionally well qualified candidate.

To apply, please send a brief cv in confidence to Mike Brown, Ref: 6141/MB/FT, PA Consulting Group, 123 Buckingham Palace Road, London SW1W 9SR.

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Creating Business Advantage

Executive Recruitment · Human Resource Consultancy · Advertising and Communications

invest in britain bureau

CHIEF EXECUTIVE

ONSHORE OIL AND GAS,
CIVIL ENGINEERING CONSTRUCTION

Privately owned company operating overseas requires a Chief Executive.

Duties will be to undertake control of all company activities reporting to group Chairman.

Extensive travel is foreseen and applicants will have proven track record in the oil and gas construction industry and contacts at the highest level.

Salary and package by negotiation.

Write to:
Box B1935, Financial Times,
One Southwark Bridge,
London SE1 9HL

BANK OF ENGLAND
LEGAL UNIT

The Bank of England's Legal Unit has a vacancy for a solicitor or barrister with wide experience in general bankiog and/or insolvency law. His or her role would be to advise the Bank's Banking Supervision Division and Wholesale Markets Supervision Division on issues relevant to the Bank's supervisory functions. The job would involve close contact with the day-to-day work of these Divisions, as well as with the Unit's other lawyers.

The successful candidate is likely to be in his or her mid-late 30s and should have some familiarity with, and ideally first hand experience of, the regulatory environment.

The appointment would initially be made on the basis of a short-term contract (with the possibility of extension). Salary will be negotiable according to experience; fringe benefits are also available.

CVs should be sent to:
Mr S O Graham,
Personnel Division (BB-1),
Bank of England, Threadneedle Street,
London, EC2R 8AH.

The Bank of England is an equal opportunities employer.

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THE TOP OPPORTUNITIES SECTION

for senior management positions
For advertising information call:

Clare Peasnell
071 873 4027

BANKING FINANCE & GENERAL APPOINTMENTS

Corporate Banking
Senior Account Manager

Bank Brussels Lambert is a leading international bank with a well established presence in London. With its strong international outlook, the London Branch markets its services and products to major corporate companies based in the UK.

We are looking to reinforce the skills of our Corporate Banking team with the recruitment of an experienced relationship banker who will play an immediate and significant role in promoting the Bank's corporate lending and treasury services.

The successful candidate will have the maturity, experience and confidence necessary to work closely with the senior financial management of major corporations. He or she will probably be educated to degree level, have up to ten years experience, ideally gained within an international bank, and will be able to demonstrate the following:

- a sound and relevant record of achievement in relationship management of UK corporates
- a high degree of business planning skills
- a sound negotiator and excellent communicator
- strong analytical skills
- ability to work as a member of a well-established team

An attractive remuneration package, commensurate with the responsibilities involved in this position, is offered. Candidates should submit a full C.V. with details of current remuneration to:

Myra Heffernan, Personnel Department,
Bank Brussels Lambert, 6 Broadgate
London EC2M 2AJ

Bank Brussels Lambert

BBL

A DIVERSE NEW CHALLENGE TO DEVELOP YOUR FINANCIAL FLAIR

FINANCIAL ADVISOR – PROJECTS GROUP

LONDON c.£40K + car & benefits

Today our client is recognised as one of the premier providers of business advice in this country. The 'client-focused' approach of their multi-disciplined teams ensures a greater insight into individual business environments – and more innovative business solutions.

Recently a new Projects Group has been launched – a team that aims to provide both public and private sponsors with first-class advice on a full cross-section of projects including property, infrastructure, health, education, housing and others.

As Financial Advisor, joining at what is a crucial early stage, you can expect an unusually diverse and proactive part in the Group's success. Naturally you will be involved in structuring financial packages, providing detailed modelling and progressing transactions through to completion. But in addition, you will be expected to win mandates through top-class presentations, and to develop the Group's business penetration through effective marketing and networking.

Since graduating you must have already enjoyed 2-3 years of success in assisting with the financing of projects or perhaps in banking. As well as possessing impressive funding and modelling expertise, you must be an excellent team player – full of drive and initiative and with outstanding interpersonal strengths. Above all, you must demonstrate that you have the understanding, adaptability and authority to tackle such a diverse 'high profile' challenge.

Rada

RECRUITMENT COMMUNICATIONS

In the first instance, please apply with your CV to Jennifer Roberts, Rada Recruitment Communications Ltd., 195 Euston Road, London NW1 2BN. Our client will have sight of all applications, therefore please list separately any companies to whom you do not wish your details to be sent. All replies will be acknowledged.

CJA

RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 071-588 3588 or 071-588 3576
Fax No. 071-256 8501

Scope for rapid career progression to Country Manager within one year.

INVESTMENT BANKING - CENTRAL & EASTERN EUROPE

CITY OF LONDON

£34,000-£44,000 + BONUS, MORTGAGE SUBSIDY AND FULL BENEFITS PACKAGE

MAJOR INTERNATIONAL SECURITIES HOUSE

For this new position, we invite applications from candidates, likely to be aged 28-34, with 2-3 years' investment banking experience and a knowledge of capital markets products and their use in deal structuring. Initially the focus is on Russia, the Czech Republic end Poland and the successful applicant will play an active part in business generation, developing contacts at a senior level and maintaining these relationships. The role will require working within a small team, interaction with the rest of the company and extensive travel. The area is growing fast and there is considerable scope to develop the role and be creative. We seek a confident communicator and marketer, in tune with the culture in the region and with the ability to advise and explain the products. Initial remuneration package of £34,000-£44,000 + benefits will be open to negotiation for a candidate with additional local skills/language ability. **Applications in strict confidence under reference IB4934/FT to the Managing Director, CJA.**

Bankers Trust

EXCEPTIONAL PEOPLE ARE OUR FUTURE

DERIVATIVE DOCUMENTATION

EXCELLENT REMUNERATION PACKAGE AND BANKING BENEFITS

Bankers Trust is a major force in Global Investment Banking, pre-eminent in the creation, trading and distribution of securities and derivative products. A leader in risk management, their success is due to financial acumen and capital strength. This is reinforced by a strong commitment to development through dedicated business support and leading edge technology.

Reporting to and working closely with the Group Manager, you will be supervising a team of individuals ensuring derivative and, in particular, swap documentation is accurate, ISDA compliant and legally binding. You will be responsible for all queries relating to the confirmation process including drafting non standard transactions and follow up on signings. This is a highly complex environment servicing a broad product range and you will be expected to liaise proactively with originators, transaction management, legal and operations areas.

Candidates will be educated to degree level, ideally with a background in law. Aged 25-35 they will preferably have at least five years' experience gained within a banking organisation with exposure to derivative products. Total familiarity with the confirmation process, together with experience of drafting non-standard documentation will be essential, whilst knowledge of ISDA master agreements would be advantageous. They should have a proven track record of success and display high levels of energy, motivation and commitment. They will be innovative, proactive and possess first class communication skills together with the initiative and flair required to meet the continuing challenge this role will present.

For further information, please telephone or write in strictest confidence to Giles Simons.

Firth Ross Martin
SELECTION

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A MEMBER OF THE BLOMFIELD GROUP

TD THE TORONTO-DOMINION BANK

Associate – Corporate Banking

The Toronto-Dominion Bank is a highly rated Canadian Bank with a well established presence in London and other major financial centres.

The Bank now seeks an Associate to join the Corporate Banking team. This post will support the Account Managers in marketing the full range of Corporate Banking and Treasury products to UK corporates. In addition, the position will be responsible for company financial analysis, credit reviews and deal support activities.

Ideally the successful candidate will be a highly motivated, credit-trained, university graduate, with two to three years relevant banking experience, coupled with PC literacy and strong analytical and communication skills.

Toronto Dominion will provide an environment in which to build a rewarding career and applications are encouraged from candidates seeking to further develop their profile in the demanding world of corporate banking.

Salary will be dependent upon qualifications and experience and the total remuneration package will be highly competitive.

Interested candidates should submit a Curriculum Vitae to Niall Macnaughton at BBM Associates Ltd (Consultants in Recruitment) on 071-248 3653 or write, sending a detailed curriculum vitae to the address below. All applications will be treated in the strictest of confidence.

76, Watling Street, London EC4M 9BJ

BBM ASSOCIATES

Tel: 071-248 3653 Fax: 071-248 2814

Nomura Bank International plc

Treasury Marketing/Sales

Non-Bank Financial Institutions

Nomura Bank is a member of the Nomura Group and the centre of a European banking system providing a wide range of Banking and Treasury services to customers throughout the Continent.

As part of the Bank's strategy for developing its Treasury activities, we are looking to strengthen further our Marketing Team in the Treasury Division.

The successful candidate will have at least 5 years Corporate dealing experience, specifically in developing a non-bank financial institution portfolio, to include Fund Managers and Insurance Companies. A sound knowledge of Treasury Products, including Derivative Instruments, is essential.

Please write with a full CV including salary details to:

Linda Cobbold, Manager Personnel,
Nomura Bank International plc, Nomura House,
1 St Martin's-Le-Grand, London EC1A 4NP.

هكذا من الأصل

German Export Finance

Assistant Director

Excellent Package London

An exceptional banker is needed to play a key role in one of the few truly Pan-European export finance businesses.

THE COMPANY
- Top tier, global banking group.
- Market leader in structuring and providing export finance from various world markets.
- Buoyant lendiog capacity supported by strong balance sheet and world class investment banking capability.

THE POSITION
- Key member of successful, London based, export and project finance team.
- Develop and maintain valuable relationships with key corporate clients in Germany.
- Structure and deliver effective financing products based on German export credits.

QUALIFICATIONS
- Perfect German language capability.
- Appreciation of German export credit system, preferably with existing client contact.
- Strong marketing skills. Record of success from a major bank. Young and ambitious.

Please send full cv, stating salary, Ref M4895
NBS, 54 Jermyn Street, London SW1Y 6LX

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Trading Systems Sales circa. £85k

Business Systems Group are a leading I.T. Solutions provider within the M25. We are further developing our successful trading systems sales team to sell our unique portfolio of turn-key trading solutions - Hardware, Software and Consultancy.

Ideally you will have at least 3 years active trading experience, preferably within the equities/derivatives markets and you may have had experience in an IT sales role.

In the first instance write enclosing full C.V. to Tim Vincent, Business Systems Group, 94 White Lion Street, London, N1 9PF. Or phone him for further details on 071-278 8888

BSG

Collection Agency Executive

Commercial Collection Agency in USA seeks experienced & dynamic individual to lead our entry into the UK & European markets. Must be knowledgeable in all areas of commercial collections with flair for sales & marketing. Superior leadership & communication skills essential. Outstanding career opportunity. *Comprehensive compensation package includes equity.*

Respond by mail or fax:
Stanley Tulchin Chairman
STA Credit Corp.
400 Post Ave, PO Box 185
Westbury, NY 11590 USA
Fax: 010-1-516-997-2632

MORGAN STANLEY ASSET MANAGEMENT

MULTICURRENCY FIXED INCOME FUND MANAGER

The London office of Morgan Stanley Asset Management is seeking an additional Multicurrency Fixed Income Fund Manager capable of making an immediate contribution to its Fixed Income Group.

Key elements of the role will be the development and execution of strategy in global bond portfolios, the implementation of currency hedging strategies and associated economic and market research.

The ideal candidate will be a graduate in their late 20s with several years of first class experience gained within a major investment house. They will need to demonstrate a comprehensive knowledge of the world's bond, money and foreign exchange markets.

This is an opportunity which offers both immediate responsibility and excellent career potential within one of the world's leading Investment Banks.

Applications in writing, including a comprehensive CV, should be sent to: Sarah Jenkins, Human Resources, Morgan Stanley International, 25 Cabot Square, Canary Wharf, London E14 4QA.

MORGAN STANLEY INTERNATIONAL
Member of SFA

MORGAN STANLEY

European Banking Relationship Manager

Liability Management

London **£ Excellent**

To support its European business, Morgan Stanley uses credit and non-credit services extended by a wide range of banks and institutions worldwide.

We are currently seeking a high calibre individual to co-ordinate, negotiate and manage these European relationships on behalf of all the Firm's business units.

The *position has three key dimensions:*
- To maximise lines of credit extended by banks and institutional investors;
- To co-ordinate the selection of the clearing banks used to provide additional operational support;
- To participate in a broad range of projects relating to financing and strategic planning within the corporate treasury group.

The successful candidate, aged 30-35 and of graduate calibre, is likely to be currently performing a credit or relationship management role. In addition, the candidate will possess:
- excellent oral and written presentation skills;
- strong credit background;
- knowledge of the securities industry and its products.

This is an exciting and challenging opportunity for an ambitious individual, offering superb prospects. For the right candidate, an excellent package, based on a generous salary, will be awarded.

This assignment is being exclusively handled by Michael Page City and interested applicants should contact Karina Pletsch on 071 831 2000 or write to her enclosing a full CV at Michael Page City, Page House, 39-41 Parker St, London WC2B 5LH. Please quote reference 168249.

MP
Michael Page City
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

SIB

International Markets Policy

The work of the International and Markets Policy Department within The Securities and Investments Board (SIB) combines the work of the international unit with responsibility for SIB's policy towards investment markets.

A new managerial role has arisen in the markets policy area. In the next year the work of this unit will include:
- Carrying forward a major analysis of SIB's market policy objectives relevant to equity market regulation.
- Implementing those objectives in conjunction with the Supervision Division in policy making towards the six Exchanges and seven market infrastructure providers which SIB supervises.
- Contributing to international work on market regulation policy.

The successful candidates will be involved in the analysis of *market structures; formulation of appropriate regulatory* objectives; discussion of these objectives both inside and outside SIB; and the *implementation of* objectives in relationships with the markets concerned.

Candidates are likely to be educated to degree standard, preferably in Economics or a related subject, and may hold a professional qualification. A city background would be preferable as would familiarity with regulation and compliance issues and experience of formulating policy and strategy.

Applicants will have the personal qualities of common sense, diplomacy, adaptability and a sense of relevance and priorities. Added to this should be excellent written and communication skills, numeracy and an overall grasp of the policy/legal framework of SIB activity and of the main lines of market activity.

Interested applicants should in the first instance contact Anna Williams to request an information pack at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH or call her on 071 831 2000.
Closing date: 21st December.

MP
Michael Page City
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

Treasury Opportunities

Major International Bank

Competitive Salaries + Banking Benefits City Based

ING Bank is part of one of Europe's major financial institutions (ING Group) which has over 60 offices worldwide. ING Bank has well established operations in International Treasury & Capital Markets, Corporate Banking, Private Banking, Emerging Markets Banking and Asset Management.

As part of the continuing expansion of our London operations we are seeking to strengthen our Treasury team.

Trainee Dealer - Graduates with a statistics/mathematics based degree with 1 to 2 years Treasury experience, to join our Interest Rate Derivatives Desk. (Previoos applicants need not reapply).

Dealer's Assistant - Graduate calibre Credit Analysts with 1 to 2 years practical experience, to assist in the preparation of non-bank counterparty line requests and other treasury related duties. Career development opportunities to transfer to sales or trading roles in due course.

The successful candidates will be highly motivated team players with the potential for further career enhancement. *If you feel that your skills and experience match the above, please write in confidence with a full CV to:*

Margaret Oddy, Personnel Department,
Internationale Nederlanden Bank NV,
2 Copthall Avenue, London EC2R 7BD.

Applications to arrive by Monday 20 December 1993.

ING BANK

Risk Analysts

BZW is one of the world's leading investment banks providing a wide range of sophisticated financial market services ranging from foreign exchange and money market dealing to fixed interest products, equities trading and derivative products. It also provides a variety of advisory services, and operates in all the major financial centres around the world.

A new risk management unit is being set up to drive the development of leading edge risk management practices throughout the firm. Working closely with the front office, this unit will play a key role in developing the risk strategy of the firm, particularly in terms of risk measurement, performance assessment and capital allocation. BZW is consequently seeking Risk Analysts to contribute to this major strategic initiative.

Candidates of interest will be individuals with relevant experience in quantitative roles in Investment banks. You will possess a mathematically based first degree and probably a finance based second degree. You will also display an in-depth understanding of best *practice risk return methodologies* and have experience in an analytical role attached to one or more of the major markets (Foreign Exchange, Money Markets, Bonds or Swaps).

For self starting team players, these front line functions offer excellent career prospects, with potential future opportunities in several business areas. A highly competitive remuneration package will be available to the right candidates.

Please quote reference: 173540.

BZW

Business Analysts

Barclays Global Money Markets recognises that effective risk management is a critical factor to institutional success, and is in the process of developing a real time analytics, profitability and risk management system for global use. Opportunities now exist for Business Analysts to join the front office in a role which will involve the development and improvement of risk management methods for new and existing products.

Working with both dealers and systems developers, these hybrid roles will appeal to those candidates who have excellent communication skills and quantitative analysis expertise.

Candidates will have the ability to demonstrate:
- A degree level education with a strong mathematical/statistical content.
- An understanding of risk management techniques.
- Familiarity with money market cash products and interest rate derivative instruments.

These roles represent an excellent opportunity to join an extremely successful and forward thinking investment bank. You will be part of a business development team which will have an ongoing input to new product development and business expansion. You are guaranteed a varied and challenging career in a front line function and a highly competitive remuneration package.

Please quote reference: 173014.

BZW

Barclays Global Money Markets

If you would like to explore these opportunities, please contact Karen Gay, quoting the appropriate reference number at Michael Page City, Page House, 39-41 Parker Street, London, WC2B 5LH. Telephone: 071 831 2000 Fax: 071 405 9649.

MP
Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Dusseldorf Sydney

whiteheadselection

Corporate Finance Manager

Home Counties

c.£60,000 + significant bonus potential + benefits

This sizeable quoted group owns substantial businesses in the UK and Continental Europe.

A thorough review of corporate strategy has resulted in a decision that the group will henceforth concentrate exclusively on the development of businesses offering significant strategic potential. In line with this review, an exceptional Corporate Finance Manager is sought, whose main responsibility will be to plan, organise and manage a comprehensive medium term disposals programme.

A graduate, your background is likely to include training in a professional environment followed by a record of achievement in a responsible position within the corporate finance department of an international plc. Applications will also be welcomed from candidates within the merchant banks and the corporate finance arms of the "Big 6" accountancy firms. Previous disposals experience will be essential. Personal qualities will include self motivation, an agile mind and an organised, analytical approach. Computer literacy will be vital and language abilities would be a distinct advantage.

This demanding role will offer excellent, high profile experience and the competitive remuneration package includes significant performance related bonus potential.

Candidates should write enclosing a full CV, quoting Ref 683 to Nigel Bates, Whitehead Selection Ltd., 43 Welbeck Street, London W1M 7HF.

A Whitehead Mann Group PLC company.

whiteheadselection

Fixed Income Derivative Sales

London

Salomon Brothers is one of the world's most prestigious financial institutions and a pre-eminent force in global securities markets. We are currently looking for a Salesperson to join our Fixed Income Derivative Product Group, which facilitates customer business in European currency fixed income derivatives including swaps, caps, floors and structured products.

The successful candidate will have an excellent degree in a quantitative discipline combined with an MBA or MSc. S/he will have at least 2 years' experience in both the structuring and selling of complex derivative products and will be able to respond creatively to a fast moving and constantly changing market environment.

Candidates must have a track record of consistent profitability in a top institution, as well as high levels of energy, commitment and determination. Well developed interpersonal skills are essential and fluency in a European language other than English would be a considerable advantage.

The successful candidate will receive an excellent compensation package as well as the comprehensive range of benefits associated with a leading financial institution. If you would like to apply, please write with a full cv to **Isabel Doverty, Salomon Brothers International Limited, Victoria Plaza, 111 Buckingham Palace Road, London SW1W 0SB.**

Salomon Brothers

Investment Accountant and Performance Measurement Analyst

Two key appointments in Master Custody

Competitive salary + banking benefits · City

J.P. Morgan is one of the most respected and successful international banks in the world today. Based on our powerful position in the Global Custody market, we also provide integrated Master Custody services covering investment accounting, portfolio valuation and performance measurement capabilities to institutional clients around the globe.

In line with the growth of our business, we are now seeking first class individuals for two key appointments.

An Investment Accountant with extensive experience in a Master Custody or Fund Management environment is required. The successful applicant should have appropriate accountancy qualifications, or be able to demonstrate a thorough understanding of investment accounting based on a significant number of years of experience.

We also need a Performance Measurement Analyst with a thorough understanding of the complexities of performance measurement. The successful candidate will not only have complete understanding of this aspect of our product, but will be conversant with current industry initiatives in this field.

These two appointments represent an exceptional opportunity for high quality individuals to become involved in a rapidly expanding area and to join at a time when they can be influential in the future direction and development of the business. In both of these roles we are looking for dynamic graduate calibre professionals whose understanding of Fund Management and Master Custody is complemented by strong self-motivation and the ability to excel in a demanding environment. Both roles require individuals who can manage the production and delivery of client reports, develop and implement new approaches and procedures in line with market or regulatory demands and, fundamentally, have the ability to work closely with clients to ensure service quality is maintained at the highest level.

Successful candidates will work closely with teams in London and New York and, given the global nature of our business, there will be regular opportunities for international travel. The level of appointment will be determined by the breadth and depth of experience and the potential of the individual.

Committed team players who are attracted by the opportunity outlined should contact us immediately by sending a detailed cv to Elaine Cole, J.P. Morgan, 60 Victoria Embankment, London EC4Y 0JP.

JPMorgan

McIntosh

US BASED AUSTRALIAN EQUITY SALES

McIntosh and Company Ltd the leading Australian and New Zealand equities broker is looking to expand its sales team in their New York office.

Candidates must display a thorough knowledge of the Australian and New Zealand markets.

This is a senior appointment and an appropriate remuneration package will be negotiated with the successful individual.

Persons interested in applying for the position should contact any of the following McIntosh offices.

712 Fifth Avenue	42 New Broad Street	Level 39, 120 Collins St
Suite 2100	London EC2M 1JD	Melbourne
New York 10019, USA	United Kingdom	Victoria 3000, Australia
(212) 957 1600	(071) 457 3800	(03) 659 2222
Robert Ward	Kenneth Thompson	Robert Lourey

POSTIPANKKI

London Branch

POSTIPANKKI is a major Finnish commercial bank which has a strong focus on its Global Treasury activities. In order to further strengthen our active London branch Treasury we wish to recruit two additional persons:-

UK CORPORATE DEALER
TREASURY SALES

Applicants should have at least three years relevant experience, incorporating Foreign Exchange - particularly in the Scandinavian currencies - and a wide range of Treasury products, gained within a similar role at another bank or in a Corporate Treasury.

FORWARD/MONEY MARKET DEALER

We require candidates with at least 2-3 years trading experience in Forward Scandinavian or other European currencies. Additionally, we would give preference to those candidates who have traded a wide range of short to medium-term interest rate derivatives.

The Bank offers competitive remuneration packages, including a full range of banking benefits.

Interested candidates should submit **written applications** in confidence to: -

Rod McLennan, Assistant General Manager,
Postipankki Ltd, 10-12 Little Trinity Lane, London EC4V 2AA

INVESTMENT MANAGEMENT

A career in Investment Management for a young graduate with a good degree and preferably with 2-3 years relevant professional experience.

Sun Life of Canada is one of the world's largest life assurance companies with businesses in the U.K., Canada and the United States. We manage assets of approximately £3 billion from our offices in London. Our range of conventional and unit-linked life and pension funds and rapidly expanding unit trusts maintain equity and bond investments in all of the world's major markets and increasingly in emerging markets. We are seeking to improve our analytic coverage of equities both in the U.K. and overseas.

You will be encouraged to attain Associate Membership of the Institute of Investment Management and Research. Involvement in day-to-day decision making and promotion to management level can be expected at an early stage. Competitive salary and range of fringe benefits are offered.

Please telephone or write to:-

Eileen Clapham,
Sun Life of Canada
Group of Companies,
Basing View,
Basingstoke,
Hampshire RG21 2DZ.
Tel: 0256 841414
Extn. 2058

SunLife of Canada
Our Strength is your Security

HENRY COOKE, LUMSDEN plc

Institutional Sales and Research

Henry Cooke, Lumsden is one of the UK's leading regional stockbrokers. As a result of continuing expansion we wish to recruit experienced staff to our institutional sales and research team.

The sales executive must be able to make an immediate contribution by maintaining contacts with UK institutions and by developing positive relationships with small and medium-sized companies.

The research analyst must have good experience across a broad range of sectors and will also concentrate on small and medium-sized companies.

Both jobs are based at the head office in Manchester.

Applicants should have excellent communication and presentation skills, and the ability to work effectively within a professional team. A competitive package will be offered.

Please send your application to Edward Geraghty, Henry Cooke, Lumsden, No. 1 King Street, Manchester M60 3AH

Swiss Cantobank Securities Limited

(a City based member of the London Stock Exchange, SFA and ISMA)

have a vacancy for an

EQUITY SALES ASSISTANT

to market principally UK and foreign equities, but also convertible bonds, warrants, traded and OTC options and other derivatives and to assist in the production of research/sales documents.

The successful applicant will be a graduate or equivalent, aged between 21 and 30. He/she will be fluent in English, French and German and be able to demonstrate the high level of numeracy required for the position. Market experience would be preferred, but not essential.

Applicants should write, enclosing CV, to Mrs. Stiefel, Swiss Cantobank Securities Limited, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9AS.

The International Securities Company of the Swiss Cantonal Banks

Associate – Energy Finance

Our client is a major US banking group. As part of the Corporate Division the Specialised Energy Team acts as a leading financial advisor, arranger and lender to the Oil and Gas industry.

The Bank's strong balance sheet, broad product range and leading market position has led to a rapid increase in international energy related business. In order to meet this increased demand the Bank now seeks an associate to complement the existing team.

The post will provide a high level of support to Senior Account Managers who are responsible for marketing the full range of financial products and services to the Bank's clients. The principal activities will include financial analysis, credit reviews and transaction support. In addition, candidates will possess a broad product knowledge enabling them to analyse and assist clients in identifying their treasury and derivative product needs.

The ideal candidate will be a highly motivated, credit trained, graduate with 2-3 years corporate banking experience. PC literacy, strong analytical and communication skills are also required. This post represents an exceptional opportunity to join one of the fastest growing and most profitable banks in the US.

The Bank seeks only the highest quality candidates and the remuneration package will be commensurate with the importance the Bank attaches to this post.

Interested candidates should submit a Curriculum Vitae to Niall Macnaughton at BBM Associates Ltd (Consultants in Recruitment) on 071-248 3653 or write, sending a detailed curriculum vitae to the address below. All applications will be treated in the strictest confidence.

76, Watling Street,
London EC4M 9BJ

BBM ASSOCIATES

Tel: 071-248 3653
Fax: 071-248 2814

THE INTER-AMERICAN DEVELOPMENT BANK

an international organization dedicated to financing economic and social projects in Latin America and the Caribbean, has the following openings in the Transportation and Communication Division at its headquarters office in Washington, D.C:

SENIOR INSTITUTIONAL/FINANCIAL ANALYST

Main functions: Review and evaluate performance of, and formulate recommendations to, institutions in the transportation sector of Bank borrowing member countries, including those of national, regional and local administration levels and covering policies, regulations, organization, staffing, management, finances, operations and other functions. Participate in identification, preparation and analysis of investment projects and programs, and of policy-based operations.

Position requirements: Masters degree or higher, or equivalent, in the fields of Public Management and/or Institutional Development and/or Financial Management. Proficiency in at least two languages (Spanish, English, Portuguese). Minimum twelve years of relevant experience.

ECONOMIST

Main functions: Conduct economic and policy studies dealing with transportation infrastructure and services in both public and private sectors. Analyse investment programs, policies, regulations, organization and operations within transportation and communication sectors. Review loan and technical cooperation reports. Provide economic advice to borrowers on sectoral issues. Supervise consultants contracted as part of projects.

Position requirements: Masters degree or equivalent academic accreditation in Economics or related fields; preferably graduate studies in Transportation Planning, and/or Urban Transportation, and/or Transportation Economics. Proficiency in at least two languages (Spanish, English, Portuguese). Minimum eight years of relevant experience.

The Bank offers an excellent salary and benefits package, including relocation costs. The Bank regrets that it is able to respond only to those applicants who best meet the requirements of the position. Interested candidates should send a letter with resume before December 24th, 1993 to:

Inter-American Development Bank
Staffing Plans and Services Section
SV/TRC Stop E-0507
1300 New York Avenue NW
Washington, DC 20577, USA
Fax 202-623-3096

OIL AND GAS SPECIALIST/CONSULTANT

To work for a private investment bank with excellent reputation, on CIS energy projects. Experience in energy finance is required. Russian language is helpful. Some travel involved. Please send your CV in confidence to:

Box B1936, Financial Times,
One Southwark Bridge, London SE1 9HL

Quantitative Analyst

INTERNATIONAL EQUITIES

Rothschild Asset Management Limited manages funds for UK and international clients, both institutional and private, and is part of a global network within the Rothschild Group.

Quantitative methods and systems are of key importance to our investment methodology, and we are now looking for an additional person with proven experience in a quantitative fund management environment. Reporting to the Director responsible for quantitative analysis, you will be responsible for refining systems, undertaking sophisticated testing of hypotheses for model-building, and developing and maintaining asset allocation systems and stock selection models.

Operating as a key member of our Central Support Group, you will provide comprehensive in-house consultancy support for our operations in the major financial centres around the world, helping to co-ordinate new software and modelling developments as well as responding swiftly to local requirements. You will also update and run models for regular strategy meetings, document all models and systems in full, and make it your business to stay abreast of the latest market trends and systems developments.

Probably in your mid-late twenties, you should have spent around five years in a quantitative environment. You will be self-motivated and capable of operating with a high degree of independence. You must also have strong technical skills with a sound understanding of financial markets.

The position carries a first-class remuneration package including profit-sharing, company car and an attractive range of banking benefits. In the first instance, please send your full curriculum vitae in the strictest confidence to Rodney Lonsdale, Personnel Director, N M Rothschild & Sons Limited, New Court, St Swithin's Lane, London EC4P 4DU.

ROTHSCHILD ASSET MANAGEMENT

TREASURY MANAGER

Bank seeks specialist in FX and Interest Rate Risk to manage team.

£ package high.

Contact Stephen Shanahan At Old Broad Street Bureau

(071) 588 3991

Fax: (071) 588 9012

sfa

THE SECURITIES AND FUTURES AUTHORITY

DIRECTOR OF POLICY

City

SFA is the front line Financial Services Act regulator for 1300 firms involved with the most important UK financial trading markets. Its remit covers members of the Stock Exchange, LIFFE, LCE, LME, IPE and OMLX, as well as OTC traders aod corporate finance advisers.

A new post of Director of Policy is being created. As one of four Heads of Division, you will be responsible direct to the Chief Executive for formulating SFA's policies and rules applied to members, and securing their acceptance by the industry, SFA's Board and SIB. You will represent SFA externally oo policy matters.

Your background will be in the financial services industry and will have given you a sound knowledge of conduct of business, client money and financial resource issues.

You must be able to think and operate confidently at a strategic level and have proven skills in influencing and negotiating. Your previous roles will have established you as an effective team leader.

Salary and benefits will reflect the seniority of this position and experience of the candidate.

To apply, please write with full career details, stating salary expectation to: Christine Jordan, Head of Personnel and Training, The Securities and Futures Authority Limited, Cottons Centre, Cottons Lane, London SE1 2QB.

Closing date for applications: Friday, 17th December 1993.

MMS INTERNATIONAL

STANDARD & POOR'S GROUP

TECHNICAL ANALYST

MMS International, part of the Standard and Poor's Information Group, is the leading analytical source of real-time, economic and financial information to over 20,000 clients (banks, brokerage firms, governments and major corporations and institutions) worldwide.

Our continued growth has created the opportunity for an additional TECHNICAL ANALYST. You will have a numerate degree and at least one year's commercial experience gained in the European Bond/Futures markets. Your primary task will be to provide on-line technical analysis on European capital markets.

Operating in a friendly, fast-moving and thoroughly stimulating environment, this high profile position offers an attractive salary and benefits package, together with excellent career opportunities in a growing international organisation.

Apply in writing, enclosing a full c.v., to:
Fiona Tindal
MMS International, 134 Piccadilly, London W1V 9FJ.

Career Opportunities

As a result of our continuing expansion in the European and London Market, we are seeking highly motivated professionals for the following positions:

Account Manager – Investment Banking

This position involves the marketing of a specialised financial product both overseas and in the UK. The successful candidate will have a sound commercial banking background, good marketing skills and knowledge of documentation and be PC literate.

In addition to a Degree, fluency in Spanish is essential. A second European language would be an advantage.

Credit Officer – Corporate Banking

We are seeking a Credit Anelyst with a minimum of 2 years previous experience. A graduate, with possibly a CA or MBA. European language skills would be an edvantage.

The position will involve the detailed analysis of credit proposals with some reviewing of loan documentation. The ability to use Lotus 1-2-3 and Wordperfect 5.1 will be essential. The position calls for a highly motivated individual who is interested in developing into account management.

The challenge these opportunities offer will appeal to those individuals seeking a dynamic international environment offering career prospects and rewards fully in line with their abilities.

Initial salaries are open to negotiation with benefits appropriate to a leading International bank.

Please write in the first instance with full Personal end Career details to: Kathy Scott (Mrs), Manager – Personnel Department, The Bank of Nova Scotia, Scotia House, 33 Finsbury Square, London EC2A 1BB.

Scotiabank

COMPLIANCE OFFICER

City c.£30,000 + benefits

Our client is the investment management arm of a prestigious and long-established international trading concern. Since the company's inception in 1986, it has grown significantly – both organically and by acquisition. It specialises in providing discretionary fund management to both private clients and institutions.

In view of the company's growth and plans for expansion, it is seeking to recruit an experienced compliance officer to take responsibility for all regulatory matters, including the provision of staff training and support for fund managers and administration staff. The compliance officer will be the key point of contact with IMRO on all regulatory matters.

Reporting directly to the Finance Director, the compliance officer will maintain close contact with administration, IMRO and fund managers.

Ideally aged 28-40, candidates will be graduates with an accountancy, legal or regulatory background. They must have at least three years' experience of working in an investment management environment. An eye for detail and the ability to develop with the company are essential requisites for this new and challenging role.

Interested candidates with the relevant experience should send a curriculum vitae, in strictest confidence, to Carol Jardine, Managing Director, Whitney Selection, 17 Buckingham Gate, London SW1E 6LB, quoting reference WS/112/1.

THE WHITNEY GROUP

WHITNEY SELECTION

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International Publisher of the world's No 1 Banking Directory seeks an Agent to represent the company in Europe. Banking experience or selling advertising and information services to banks a plus.

Applicant must be a self starter, highly motivated and be able to deal with senior, banking officers ooc oo one. The individual we select will bave the opportunity to be highly compensated.

Forward resume aod salary history to President, Polk's Bank Director; P.O. Box 305100; Nashville, TN 372305100 USA or FAX 61/885-3081

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Work for the leader in Software Solutions for derivatives finance on an hourly, by-project basis, scanning London and the Continent for unique talent suited to C•ATS. To qualify, you will need recruitment research experience specializing in capital markets, treasury, banking, or a similar financial vertical market.

For confidential consideration, please send your resume to: C•ATS Software Inc., Attn: VP Administration, 1731 Embarcadero Road, Palo Alto, CA 94303, FAX: (415) 496-1929.

C·ATS

SPECIALIST EUROPEAN EQUITY DERIVATIVE SALES

Our client is a European Investment Bank and a leading name in equity derivatives, both in terms of distribution strength and the quality of its research. As a result of continued growth they are now looking to recruit a European equity derivatives specialist reporting to the Head of European Sales, as part of the European sales and research team. He or she is likely to have an analytical background, good knowledge and practical experience of the European equity markets, with a successful track record of advising investors. Foreign langauges, especially German or French, would be an asset but not a requirement. The position will be London based.

Please contact Philip Ashby Rudd on 071-623 1266 or 071 237 4552 evenings.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Tel. 071-623 1266 Fax. 071-626 1242

JONATHAN WREN EXECUTIVE

— UNIT TRUST — TRUSTEESHIP

Opportunities with an international leader

Citibank is the largest custodian providing securities services to financial institutions globally. Citicorp Trustee Company Limited is an integral part of our business, providing Trustee Services to leading names in the industry. We have a reputation for quality of service to major investment houses.

Continuing expansion of our highly successful Trusteeship business creates the following opportunities for senior professionals to broaden their experience whilst making an important contribution to our team in South East London.

Trustee Manager

This customer focused marketing and technical role reports directly to the Marketing Director responsible for the client management of large Trustee relationships. It requires in-depth experience gained either in a Trustee office or in a senior administrative role in a Unit Trust Management company. Excellent interpersonal skills are essential.

Technical Manager

Leading a large team of Trust Officers and Administrators you will be responsible for providing a high quality regulatory and technical administration service. Experience of fund accounting and thorough current knowledge of unit trust regulations will be essential.

We offer highly attractive basic salaries plus comprehensive benefits including company car, subsidised mortgage and money purchase pension plan. There are excellent career opportunities both within our expanding trust operation and throughout Citibank.

Please write, enclosing your c.v., to Sue Bertram-Smith, Vice President Human Resources, Citibank N.A., PO Box 200, Cottons Centre, Hays Lane, London SE1 2QT.

CITIBANK

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SENIOR TREASURY MANAGER

(Salary negotiable)

The Dao Heng Bank Group requires an experienced executive to expand and manage the portion of earning assets comprising marketable debt instruments in order to increase the profitability and liquidity of the Bank's interest-earning assets.

The successful candidate will be based in the City but may be required to spend a short period of familiarisation in Hong Kong. **Please forward C.V. to:**

The Managing Director
Dao Heng Bank (London) Plc
10 Angel Court, London EC2R 7HP

(Strictly No Agencies)

APPOINTMENTS WANTED

SEEKING EMPLOYMENT:

27 year old Scots girl with Honours Degree in Psychology; excellent commercial experience in Far East and Europe; languages English, Dutch, Spanish, German and Indonesian; 5 years in sales/customer relations; experience in organising international travel; all secretarial skills. Willing to relocate.

Tel: Spain 1 6502555 Tel/Fax: Spain 1 6508821

PERSONAL ASSISTANT REQUIRES FULL TIME EMPLOYMENT

All domestic and bodyguard duties uodertaken.
No accommodation required.

Box B1937, Financial Times,
One Southwark Bridge, London SE1 9HL.

31 year old MBA (Manchester Business School) seeks position in

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Agency and client experience. Currently managing UK Brand Leader. Languages: English, German, French, Italian.

Write to Box B1933, Financial Times,
One Southwark Bridge, London SE1 9HL

MOSCOW

Swiss Man, 27, three years experience in Moscow, working for a multi-national Swiss Pharmaceutical in Russia, recently established a consignment stock, is searching for new challenges in Moscow. Graduated: Business administration, in Switzerland (HEC). Languages: French/English/Russian/German /Persian/Mandarin-Chinese/Spanish and Italian. Please fax your offer to Moscow: +7-502-224 10 75 Ref. MIR

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A privately owned company involved in trading financial markets on daily basis, based on investment models using newly discovered scientific concepts and technical analysis.
Responsibilities include: the development and maintenance of sophisticated investment models, trading the markets according to the rules and signals received from the models.
Key requirements include: PhD in Science or a degree in science with excellent academic record. Highly numerate and Computer literate with spreadsheet and programming skills.
Highly competitive Salary + Bonus is offered.
In the first instance please send your CV to:
Mahmud Mozaheba, Trading Dynamics Ltd.,
Macmillan House, 96 Kensington High Street, Macmillan House, London W8 4SG

FT/LES ECHOES

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- *Develop firstly the Pibor swaps and secondly the currency swaps with London banks by using the strong French clientele base of the company.*
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COR'EX CONSEIL EN RECRUTEMENT

بنك الإمارات الدولي المحدود

Emirates Bank International Limited

MANAGER, CORPORATE BANKING

ABU DHABI

Emirates Bank International is a leading gulf Bank with its Head Office in Dubai, and with branches in other Emirates including Abu Dhabi.

The Abu Dhabi branch currently has a solid basis of consumer and small commercial business. We have identified considerable potential for developing quality corporate/multinational business in the Abu Dhabi area. In order to realise this potential, we now wish to make this new appointment.

Based in Abu Dhabi, and reporting to the Branch Manager there, the role will be to acquire quality business through developing and managing corporate and multinational relationships.

Applicants must have 5-10 years' banking experience, which includes formal credit training in an international banking environment, and at least two years' exposure in marketing to large corporates/multinationals. Ideally this experience will include specific project and trade finance experience.

You must have an AIB or equivalent qualification, and ideally a degree-level education. Fluency in written and spoken English is essential, and spoken French would be advantageous.

Since this is essentially a start-up position, the successful candidate will have a high degree of self-motivation and energy. They will be a self-starter, and will need to be particularly persistent and tenacious in building relationships from a very low base. Above all, they must be committed to delivering results as measured by the acquisition of new business. First-class interpersonal and presentational skills will be necessary to deal effectively with clients at all levels.

We can offer to the successful candidate a competitive salary and benefits package, and in addition, opportunities for development and advancement within the expanding Emirates Bank Group.

Applications must include a full curriculum vitae, plus a covering letter indicating how you meet the position requirements, and an indication of current salary and benefits package.

They should be addressed to **Mr David Shaw**, *Chief Manager, Human Resources*, EMIRATES BANK INTERNATIONAL LTD. *either in Dubai, or to our London Office if preferred:*

PO Box 2923
Dubai
United Arab Emirates

OR

Shackleton House, Hays Galleria
4 Battlebridge Lane
London SE1 2HP

You may fax applications direct to Dubai (971-4-264394) but these must be typewritten (including the covering letter) to ensure clarity.

The closing date for application is three weeks from the date of this advertisement. Interviews will be arranged in London and/or Dubai for candidates who are short-listed.

CONVERTIBLES SALES

OPPORTUNITIES FOR BOND SALESPERSON

Our client, one of the major players in the convertible market, wants to develop their sales team. We are looking for a talented salesperson with a strong background in International bond sales who would like the chance to develop their skills selling multi-convertibles. Ideally you will be aged 25 to 35, with experience in selling to UK and European institutions. Languages skills (French, Italian) would be highly advantageous. No specific knowledge of convertibles is necessary but the ability to learn quickly is essential.

You will combine your thorough technical training with excellent communication skills. Self motivated and commercially astute, you will be challenged by the prospect of developing new markets.

For further details, please call
Chrys Lytras on 071-355 1575
or fax your resume to her on 071-355 1574

Manager of Quantitative Research

BARRA is the leading provider of research and decision support tools for global investments. We are currently looking for a high calibre individual to manage our European research team.

The responsibilities of the team include: the development and maintenance of sophisticated investment models, analysis and implementation of the latest econometric techniques and provision of consulting to the investment community.

Applicants for this position should have several years experience in a quantitative position, be educated to PHD level and have experience of managing people. Good communication skills are also required.

Candidates interested in this position should apply with a curriculum vitae to: Andrew Cauldwell, European Manager, BARRA International Ltd, 1 Whittington Avenue, London EC3V 1LE.

BARRA International, Ltd.

We are a young dynamic team responsible for market analysis as support for trading and sales. For the newly created position of

Market Analyst - Bond Markets

we are seeking an experienced professional who

- has the experience and analytical skills to write a weekly market letter covering following bond markets: USD, GBP, DEM, FRF, ITL, ESP, NLG, JPY, SKR
- has the initiative and communicative skills to tap existing information sources within Credit Suisse

The candidate should

- be well versed in fundamental research and market analysis with a thorough understanding of factors driving international bond markets
- possess practical experience in the area of financial analysis or a related field
- be able to draw on a network of contacts within the industry

If you are prepared to meet the challenge, call or send your CV to Credit Suisse

Ms Angela Sonanini
Personnel Dept.
Investment Banking/Trading
8070 Zurich, Switzerland
phonenumber (01) 333 61 34

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My job:

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Due to continuing growth in its corporate client base, a major City based fund management house is seeking two high calibre candidates to fill these new positions. Candidates must be graduates with two to four years relevant experience with a fund management house or investment consultancy. In addition candidates must be self motivated, resourceful, enjoy working under pressure and demonstrate a high level of interpersonal skills. These positions offer competitive remuneration packages commensurate with experience. Career prospects are excellent.

Please contact Roger Manning specifying which position you wish to apply for.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Tel. 071-623 1266 Fax. 071-626 1242

JONATHAN WREN BANKING

C S ASSOCIATES

TELEMARKETING SALES EXECUTIVES
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Major Investment House seeks 2 Industry experienced individuals to promote their range of services to their National Accounts & Southern IFAs respectively. The positions are primarily phone based with approx 1 day per week spent in the field. It is essential that you are a graduate or equivalent and have sales experience in or for the Broker/IFA market. Excellent prospects & salary incl comm. & bonus

ASSISTANT MANAGER - CUSTOMER SERVICES
£ EXCELLENT

Leading F/S/ co. seeks asst mgr for their C.S. Dept. You will ensure there are sufficient staffing resources to maintain this top quality, 7 days a week, telephone service. You will manage inbound & outbound call traffic, and monitor ACD performance data to maintain & improve productivity and service levels. You will possess 2-3 years' experience in a telephone response environment, a good working knowledge of a telephone communications network, ACD, PC-Excel & statistical forecasting. Excellent salary & bonus available for successful candidate.

Please send full career details incl. current salary package to: S Taylor Start, CS Associates, Peck House, 20 Eastcheap, London EC3M 1EE.
Tel: 071 623 4202 Fax: 071 929 2256

HOARE GOVETT
Member of ABN AMRO Group

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As part of our continued growth in Short Dated Eurosterling markets a vacancy exists for an experienced Salesperson.

Candidates for this position will be able to demonstrate a record of achievement in this or similar markets and contribute to a broad range of products as part of an established and successful team.

A competitive salary and benefits package is offered.

Written applications enclosing a C.V. should be sent to:

Graham Evans
Hoare Govett Limited
4 Broadgate
London EC2M 7LE

Yorkshire Bank

Audit Manager – Business Services

Leeds **to £35,000 + Car + Banking Benefits**

Yorkshire Bank Plc is one of the UK's leading financial institutions, with a balance sheet in excess of £4 billion. As part of the worldwide National Australia Bank Group, Yorkshire Bank has an impressive record of profitability and growth.

The Audit Function enjoys a high profile position and following restructuring an opportunity has been created for an experienced manager to lead a high calibre team.

Reporting to the Head of Internal Audit, responsibilities will cover a wide range of Head Office and subsidiary company functions, including the European Treasury function of National Australia Group in London.

Candidates will be graduate Chartered Accountants with considerable managerial experience within a professional or commercial audit function. Exposure to Treasury and Computer Audit are considered prerequisites for the role, as are strong technical, interpersonal, and organisational skills. In addition, an incisive style together with the ambition to succeed within a demanding environment are essential. The position is regarded as a development role within the Group and career prospects are excellent.

A competitive remuneration package is on offer and relocation assistance will be provided where appropriate.

Please apply in writing with comprehensive CV to **Stephen Banks at Michael Page Finance, Leigh House, 28-32 St. Paul Street, Leeds LS1 2PX.**

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Michael Page Finance
Specialists in Financial Recruitment
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GROUP TAXATION MANAGER

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BBA Group PLC is an international group with sales of £1.3 billion serving the automotive, industrial and aviation markets, with operations based mainly in Europe and North America.

Reporting to the Group Director – Finance, the Group Taxation Manager is responsible for planning and controlling the Group's world-wide tax liabilities – including the creation of effective fiscal units, identifying the tax implications of acquisitions and disposals, developing tax estimates and budgets, and for providing tax advice to Group subsidiaries.

Applicants must have a recognized accountancy qualification and relevant experience at a senior level in a substantial multinational organization. Clear evidence of achievement in this specialized field will need to be demonstrated.

The attractive compensation package includes a competitive salary, executive car, and other excellent benefits.

Please send a detailed CV indicating current salary, in complete confidence to Paul M Iverson, Group Personnel Manager, BBA Group PLC, PO Box 20, Whitechapel Road, Cleckheaton, West Yorkshire BD19 6HP.

BBA GROUP PLC

INTERNAL AUDIT MANAGER (HONG KONG)

Cathay Pacific is one of the world leaders in the airline industry. We are looking for an experienced individual with good professional qualifications, a strong technical background and proven track record in a wide variety of audit work, to fill the position of Internal Audit Manager.

Reporting to the Financial Director, you will review and identify areas in our existing practice that require strengthening and propose, implement and monitor the changes. Leading a team in performing audit assignments, you must possess strong supervisory and communication skills to work with all levels of staff and management.

You must have a recognised accounting or internal auditing qualification. Experience in arranging and controlling computer audits is required. Good writing and oral skills to put forward findings and recommendations are essential. Ideally, you will have five to ten years' experience in a multi-national retail/service business, of which a minimum of five years must have been in a senior internal audit position within a large organisation. Experience in an airline would be a major advantage.

This opening, which involves travel, represents an opportunity and challenge to the committed professional. You will be based in Hong Kong and the terms of employment will be appropriate to the senior status of this position.

Send your particulars including present and expected salaries, travel document number, a recent photo, contact telephone number, education and work histories to: Staff Recruitment Office (SC0412932), Cathay Pacific Airways Ltd. 110 Concorde Road, Hong Kong International Airport, Hong Kong.

The Swire Group

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CATHAY PACIFIC

FINANCE MANAGER - UPSTREAM GAS

SUBSTANTIAL NEW VENTURE OPPORTUNITY

PowerGen plc is set to become the largest single consumer of gas in the UK through its major investments in new gas-fired power generation. To safeguard and add further value to this commitment, the company is now seeking to extend its involvement in the gas business through direct investment in the upstream gas sector.

A small team is being established to capture and manage new business opportunities. The Finance Manager will be a key appointment to this team with responsibility for the financial management of the upstream gas business including the preparation of plans and budgets, accounting and financial control systems, and the assessment and structuring of new business proposals. Additional supporting recruitment is planned.

A demanding and challenging role in a fast moving entrepreneurial environment, this role offers achievers a chance to get in at the beginning of, and help build, a major enterprise with broader opportunities for career advancement.

We are seeking candidates with a strong track record of personal achievement in adding value and hands-on experience in the oil and gas industry. You will have appropriate qualifications with several years relevant experience gained in finance, planning and business development roles, including practical experience of the North Sea tax system. You will be comfortable working under pressure and be an effective communicator at senior management levels with an established industry profile.

A fully competitive salary and benefits package for this senior management position will be available.

Initially based in central London, it is anticipated that the post will transfer with the team to new corporate headquarters in the Midlands in 1995.

In complete confidence, please write enclosing a full c.v., quoting vacancy reference PG163/93, to Mr M H Peachey, Personnel Services Manager, PowerGen plc, [illegible] Road, Shirley, Solihull, West Midlands, [illegible]

The closing date for receipt of applications is Monday [illegible] December 1993.

POWERGEN

PowerGen is committed to equal opportunities

ACCOUNTANCY COLUMN

Dons learn that 'freedom' has a bottom line

Andrew Jack on the often troubled relationship between the accountancy establishment and academia

Censorship and academic accounting might seem rather unusual bedfellows, but events in the last few weeks have provided a new focus on the tensions that can be placed on dons when the world outside intersects with university life.

Indications of the latest stresses came in two parliamentary early day motions tabled at the start of this month by Mr Austin Mitchell, Labour MP for Great Grimsby and accountancy profession scourge.

Nine MPs have signed a motion expressing doubts about the degree of democracy exercised by the Chartered Association of Certified Accountants (ACCA). And 11 have signed a second, deploring attempts by the accountancy profession to infringe academic freedom.

It began with a letter in May to the ACCA from Mr Prem Sikka, Mr Mitchell's academic adviser from the University of East London. He questioned the voting procedures used in ACCA's elections earlier this year, in which he unsuccessfully stood as a candidate. The subsequent correspondence is now half an inch thick.

Most significantly, the ACCA wrote to Sikka's vice chancellor in August asking whether his institution endorsed these views. Sikka saw this as an attempt to quash his opinions through pressure from above.

After many more exchanges, the ACCA apologised to Sikka in November for any "embarrassment". It added that it was now considering reforms to its bye-laws – some of which address his concerns.

Mr Anthony Booth, director of professional standards at the ACCA, says if there was institutional endorsement of Mr Sikka's views, the association may have considered cancelling its long-standing accreditation of its courses at the university which is "based on trust".

Sikka's concerns may be overplayed, but they highlight the stresses under which academics – particularly those with controversial views – can be placed. Other episodes concerning freedom of speech have long bubbled away in the world of academia. But in the normally gossipy world of the common room and conference circuit, people tend to clam up when they are asked for examples.

An exception is David Cooper, now shielded by the relative safety of a post at the University of Alberta in Canada. While Price Waterhouse professor of accounting at the University of Manchester Institute of Science and Technology (Umist) in 1984, at the time of the miners' strike, he published an article in Accountancy magazine alleging "misinformatioo" in the National Coal Board's assessments of the financial viability of its coal mines.

That led to indignation from a member of the board, and triggered a review of the editorial practices of Accountancy. Cooper says he also received a phone call from Richard Wilkes, a partner at Price Waterhouse, which had been appointed sequesters to the National Union of Mineworkers. "He screamed at me about causing the firm severe embarrassment and how could we bite the hand that fed us and how PW would continue to fund the chair over his dead body," he recalls.

Mr Wilkes, now retired from PW, says: "I did have words. It was an irritation. We were just concerned that he didn't start impinging on our activities. We were trying to keep a low profile." After intervention from other senior Umist officials, PW continued to fund the chair.

Another maverick don is Paul Barnes, Touche Ross reader in corporate finance and accounting at Nottingham University. "I was sued for libel over my PhD thesis and I have never looked back since," he says.

His comments on the Britannia Building Society brought proceedings which remained a threat for two years. It also kindled a continuing research interest in building societies, and the persistent ire of Mr Mark Boléat, until recently director-general of the Building Societies Association.

Last year Barnes wrote a piece in Accountancy on building societies, which triggered a highly-critical letter – copied to the senior partner of Touche – from Boléat. Barnes believes this damaged his reputation. It certainly could not have helped him at a time when he was applying for a professorship – which he did not get.

Academics tell other stories anonymously: a vice-chancellor with business connections who prevented the appointment to a named chair of a left-wing lecturer; pressure from a group of accountants sponsoring a chair to influence the selection; a young researcher threatened with a writ by a group in the City when his findings proved critical of them.

Nor is the problem unique to the UK. Abe Briloff, emeritus professor of accounting at Baruch College in New York, faced a defamation suit brought against him in 1976 by Saul Steinberg, the corporate raider and head of Reliance Group, after writing a critical article in Barron's magazine.

Some academics are less concerned by the pressures sponsorship presents – though most acknowledge that it does not leave them unaffected. One example is Christopher Nobes, now Coopers & Lybrand professor of accounting at Reading University, who previously arranged endowed chairs at the University of Strathclyde from both Touche Ross and Ernst & Whinney. His contract includes regular work for Coopers.

"In the days when firms were desperately short of graduate applicants and had quite a lot of money, a few thousands of pounds here or there to influence students was regarded as a worthwhile elemeot in the recruitment budget," he says to explain the level of support. "I believe in all cases apart from mine, the firm has given money and then oot really exercised any influeoce over the appointmeot. The academic might occasionally go in for lunch.

"Maybe sometimes a professor might feel constrained from saying things because they are worried about what the firm or its clients might think, or the professor doesn't like what the firm says," suggests Nobes.

"I have sometimes not done things because of my link with Coopers. I have never said something I doo't believe. Sometimes I have not said things I do believe. That is merely being responsible."

He says that if he was asked to comment on the poor accounting policies of a company, he would first ask whether it was a Coopers' client – and if so, he would refuse.

"I doo't see it as a problem. It is the inevitable result of something which brings large benefits. I get much more informed oo things and in effect I have to sign the official secrets act."

Even Paul Barnes, whose endowment was originally provided by Spicer & Oppenheim before it merged with Touche, says: "I did feel constrained at one time when the press were giving Spicers a bad time over its audit of Barlow Clowes." He wanted to intervene to defend the firm, but felt he would be criticised as biased if he did.

Two years ago, he wrote a piece mischievously suggesting that the poor research rating of accountancy in British universities reflected the lack of independence of its funding.

More seriously, he argues that freedom of speech is hardly the prime concern for most accounting academics because they are too focused on abstract topics. "Academics are too busy counting the oumber of angels on a pinhead to eveo recognise the existence of, say, creative accounting," he says.

Tony Steele, Ernst & Young professor at Warwick University, who was himself embroiled in legal actioo over current cost accounting in the mid-1980s, adds: "The real issue iso't pressure oo academics because their work is so relevant, but how we can get them to be less self-indulgeot and more relevant."

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Interested candidates should forward a detailed c.v. to: Jim Morrison, Hoggett Bowers, Amethyst House, Spring Gardens, Manchester M2 1EA, 061 832 0445. Fax: 061 832 0089, quoting Ref: MJM/3063/FT.

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▪ This appointment will appeal to candidates seeking their first plc board appointment and who have a good knowledge of plc culture and reporting requirements, gained either within industry or the accountancy profession. Candidates must be experienced in group accounting techniques, preferably involving overseas activities and have a hands on attitude and ability to operate effectively in a small, informal head office environment, as well as the credibility to build strong relationships with the Group's City institutions.

▪ The successful individual must have the commercial awareness to form a detailed understanding of the Group's business, ensure the production of management information and be able to work closely with the senior management team in driving the business forward.

▪ **Please send a c.v. including current remuneration and giving concise reasons for your suitability for this position to Carrie Andrews, Ernst & Young Corporate Resources, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, quoting ref: CA498.**

ERNST & YOUNG

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A talented Chief Financial Officer is required for this new appointment, to make a significant contribution to the future profitable growth of the business.

Reporting to the Chief Executive and based in Jeddah, you will assume total responsibility for all aspects of the company's finance and reporting function. Specifically this will involve developing a comprehensive management information system, devising detailed cost accounting procedures and controlling all financial aspects of the business. You will also develop effective systems to control capital investment and credit facilities.

A further important feature of your role will involve providing reports to management and investors on the performance of company investments. In this, and the other areas of your work, you will have the support of a small team, recruited by you, although you will be expected to have personal hands-on involvement.

A professionally qualified accountant, probably in your late thirties to early forties, you should have a university degree, ideally an MBA with a successful record of achievement in a similar, investment-related senior appointment, either in commerce or professional practice. Familiarity with US accounting procedures is of prime importance and a high level of computer literacy is essential. Knowledge of US tax regulation would be advantageous.

Excellent presentational, organisational and communications skills are mandatory, together with the presence needed to establish your credibility at the highest levels. The position will involve some travel to the US.

The tax-free salary is negotiable around $100,000, and a comprehensive executive expatriate package is offered.

Please write or telephone - in the strictest confidence - to Ghassan Yazigi, ref. F1361/1, MSL Group Limited, 32 Aybrook Street, London W1M 3JL. Tel: 071 487 5000.

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Our client is a small, entrepreneurial and highly successful company which specialises in property development. It has built a reputation as a shrewd yet prudent operator and is now set for a period of steady and profitable expansion.

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Probably in his/her 30's or 40's, the successful candidate will be a fully qualified accountant and preferably a graduate. He/she must be able to demonstrate a first class record in senior financial management, possibly although not necessarily from a related sector. Strong treasury skills are required together with excellent analytical experience. The job holder must be an able communicator and have a pragmatic approach to problem solving.

The remuneration package will consist of car, profit share, health care and other benefits.

Interested applicants should send a comprehensive c.v. including current salary and daytime telephone number to Phillip Price ACA, quoting reference 3343, at Touche Ross Executive Selection at the address below.

Touche Ross

Deloitte Touche Tohmatsu International

MANAGEMENT CONSULTANTS

Friary Court, 65 Crutched Friars, London EC3N 2NP.

GROUP FINANCE DIRECTOR

DERBYSHIRE **£45,000 + CAR**

As part of a group reorganisation, Wentworth is planning the relocation of its Head Office to Ilkeston, Derbyshire, in the first half of 1994. This has given rise to a need for a new Group Finance Director, reporting directly to the Chief Executive.

The Wentworth Group operates from factories in Belgium, Kent and Derbyshire manufacturing a broad range of packaging materials and products. The Group Finance Director will be expected to play a full part in the future strategic development of the Group.

You will be responsible for managing and developing the finance function throughout the Group. This will include monthly management accounts and annual financial reporting, tax planning, treasury management and systems development.

We require a graduate qualified accountant, already a Finance Director, but someone now seeking a new challenge. Your experience must include the preparation of full group accounts, preferably those of a quoted company which included European operations. Experience of takeovers or disposals would be useful as would hands-on company secretarial experience. You must be able to demonstrate proven achievement in your career to date, and the ability to interface with senior operational management.

Interested applicants should forward a detailed C.V., including current salary details and a covering letter outlining how you meet the above criteria to **Jim Deehan, Group Finance Director** at the address shown below:

Wentworth International Group plc
36 High Street
Wimbledon
London SW19 5BY

Accountants for Management Consultancy UK and International

▪ Ernst & Young, the second largest global accountancy, tax and consultancy firm, is a leading adviser in privatisation and energy/utilities worldwide and a market leader in Eastern Europe.

▪ Our Management Consultancy practice is handling increasing demand from our wide client base, and now requires recently qualified accountants, preferably with consultancy experience, to join our highly-motivated, professional team:-

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▪ As part of the project team you will appraise businesses for privatisation and provide services in re-structuring and financial management, working both in the UK and internationally, particularly in Eastern Europe. Applicants must be willing to travel and work abroad for significant periods. We would be particularly interested in hearing from candidates fluent in East European languages.

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▪ As part of the group providing consulting services to the energy and utilities sectors, these roles will involve financial analysis and modelling, as well as cost management exercises, operating both within the UK and internationally. Knowledge of the energy and utilities market is essential for these positions.

▪ All applicants must have sound financial management and business appraisal skills, and be computer literate. You should also have drive, self-confidence, exceptional interpersonal skills and the ability to exceed our clients' expectations. With Ernst & Young we are keen for you to realise your personal career ambitions within a highly creative and stimulating environment where our people are crucial to our business success.

▪ Please write with full CV, specifying which position you are interested in, to Ms Lindsay Howie, Ernst & Young Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

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Part of a large group, our client is among the worlds leading suppliers of aircraft spares and components, incorporating maintenance and modernisation, the production and worldwide marketing of light aircraft, ground support equipment and the manufacture of electronic components for the aerospace industry.

The aircraft maintenance division with a turnover approaching £80m is poised for further growth. As part of its development strategy, a key role has been created for a commercially minded manager, capable of instigating and managing change in a highly competitive environment.

The successful candidate will be expected to increase the overall effectiveness of the management accounting function. He or she will strengthen the support between finance and operations and increase the impact of financial information upon the commercial decision making process.

Further responsibilities will include business performance reviews, input to the strategic planning process and control of efficiency of systems.

Candidates should be graduate qualified accountants with an impressive record of achievement gained in an entrepreneurial role in a similarly large company.

Essential requirements are to manage change and to communicate effectively. Knowledge of activity based costing would be useful.

Interested applicants should write enclosing your CV, quoting JL3102.

COOPER LOMAZ RECRUITMENT, (ADVISING CONSULTANTS), BAXTER COURT, HIGH BAXTER STREET, BURY ST EDMUNDS, SUFFOLK IP33 1ET, TEL: 0284 701302 (24 HOURS), FAX: 0284 701306

Coopers & Lybrand | Executive Resourcing

Group Finance Director

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Reporting to the Chairman and Chief Executive, you will succeed the present Finance Director who retires in mid 1994. Priority will inevitably be to ensure tight financial control of all group activities. Fundamental to this will be the need for detailed treasury and cash management as well as having in place systems capable of regulating a fast moving, ever evolving group. *The maintenance of good relationships with investors and financial institutions will be of paramount importance.*

A qualified accountant, you will have strong all round professional skills which have been well proven in significant public companies. Preferably with experience in house building, property development or construction, you will be equally capable as a financial planner and strategist as well as a hands-on manager of a significant finance function. Strengths in treasury management and personal credibility in the City are indispensable requirements.

The position is demanding, high profile and extremely broad in its commercial influence in the group. It demands an exceptional performer and the remuneration package will reflect their determination to attract such a person.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to David Owens, Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham B2 5JT quoting reference D471 on both envelope and letter.

هكذا من الأصل

£80,000 package + options + benefits — *Quoted UK Plc* — *Greater London*

Group Finance Director

A culture of total quality, technical innovation and client focused teams provide the competitive edge for this profitable, expanding £25m turnover computer services group supplying software solutions to the financial services industry. Working closely with the Chief Executive in driving through an expansion strategy which includes refocusing current activities and identifying and integrating acquisitions. Excellent general management opportunities in the medium term.

THE ROLE

- Responsible to the Chief Executive for ensuring that the finance function supports the needs of the business units including the upgrading of MIS and the raising of financial management skills at unit level.
- Supporting the Chairman in managing City relationships to ensure that the group's capabilities and assets are fully reflected in share value. Responsible for small central staff.
- Directing the budgetary process and measuring progress against strategic plans. Establish appropriate capital structure and future resourcing to support growth and business development.

THE QUALIFICATIONS

- Graduate, qualified Accountant, aged 30 plus with a background in a financial services/IT organisation with a diverse range of activities and multi-site operations. Knowledge of City and funding issues important.
- Well developed skills in financial analysis and planning with a successful track record of developing and implementing MIS in a fast moving, growth orientated company.
- Positive, enthusiastic team player able to influence and coach multi-skilled business unit teams. Combination of sensitivity and toughness to influence and direct effectively in a flat, team environment.

London 071 493 1238
Manchester 061 499 1700

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Please reply with full details to:
Selector Europe, Ref. F0052123L,
16 Connaught Place,
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c. £80,000 package + options + benefits — *Acquisitive Blue Chip Multinational* — *London*

Finance Director

Recently appointed CEO seeks a talented FD to join the management team of a £300 million business poised for substantial organic and acquisitive expansion. Part of a £multi-billion plc, operating in growth markets with dominant brands, targeting opportunities in Europe, the USA and Pacific rim. Requires a finance professional with commercial acumen, technical excellence and demonstrable main board potential.

THE ROLE

- Key role in determining the acquisition strategy as part of a wider corporate plan. Lead role in identifying, evaluating, negotiating and integrating suitable companies.
- Instilling tight financial disciplines in the operating companies, reviewing and upgrading systems. Managing the consolidation and group reporting through a small team.
- Playing an increasingly influential role in the group-wide business plan and decision-making processes at the highest level.

THE QUALIFICATIONS

- Ambitious, 30s+ graduate, FCA with a progressive record in operational and HQ roles in international organisations, ideally in the fmcg/food sector.
- Commercially astute with first-hand experience of the acquisition process. Fluency in French or other European language essential.
- Natural authority and presence. Hands-on achiever with first-rate interpersonal, communication and negotiation skills.

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Please reply with full details to:
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16 Connaught Place,
London W2 2ED

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Group Chief Accountant

Top accounting role within this major international plc. Real opportunity to contribute to the development and implementation of systems based group-wide financial controls and procedures.

THE ROLE

- Responsible for preparation of the Group's published financial statements and reports to the Holdings Board.
- Reviewing Group accounting systems and procedures to achieve greater flexibility and responsiveness. Establishing strong reporting relationships with subsidiaries in the UK and abroad.
- Liaison with auditors, industry bodies and the Department of Trade and Industry.

THE QUALIFICATIONS

- Graduate accountant with prior experience of consolidated accounts and reporting for a complex international plc. Insurance experience an advantage.
- Strong technical and accounting skills. Systems literate. Committed to achieving demanding timescales and deadlines.
- Energetic, enthusiastic manager with rigorous attention to detail. Persuasive communicator. Open, participative style.

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Manchester 061 499 1700

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Spencer Stuart

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Unique opportunity for a commercially orientated finance professional to join a worldwide £50m turnover media production, training and equipment maintenance organisation with a long pedigree and a first class client base, including major blue chip companies and government departments. Wide ranging role in assisting recently appointed Managing Director and his team in introducing major cultural change including operating efficiencies, business diversification and a marketing-led strategy throughout the worldwide organisation.

THE ROLE

- Responsible to the Managing Director for the financial integrity of the organisation, implementing improved financial controls and management information systems to enable the business units to evaluate opportunities and achieve their objectives.
- Co-ordinate the budgetary process and develop timely and accurate reporting and monitoring procedures. Manage a 35 strong department.
- A key member of the executive team, providing financial input to strategy formulation, including financial evaluation of JVs and new business opportunities. Senior level liaison with government departments on contract negotiations.

THE QUALIFICATIONS

- Graduate ACA/ACMA, with sound commercial expertise and a background in high-tech manufacturing or service industry with project management experience.
- First class skills in developing MIS in an international organisation with complex funding arrangements. Good communicator, capable of working closely with business managers and raising financial skills and awareness.
- An energetic, positive and mature individual with stature and credibility. A strategic thinking and hands-on implementor with integrity and character.

London 071 493 1238
Manchester 061 499 1700

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Group Financial Controller

New role at the centre of a recently floated, c. £300m turnover highly divisionalized UK plc with strong market positioning and well established European operations. Rare opportunity for a technically gifted and commercially-focused professional to establish a group reporting and control function, and thereafter support the Group FD in providing the framework to grow the business, both organically and by international acquisition.

THE ROLE

- Reporting to the Group FD, a broad remit developing the head office accounts function, instigating group reporting procedures and driving system enhancement programmes.
- Responsibility for group consolidations, statutory accounts, management reporting and tax, liaising with auditors and other third party advisers.
- Appraising business development and capital expenditure proposals and, in conjunction with the FD, identifying and evaluating international acquisitions.

THE QUALIFICATIONS

- Graduate ACA aged early 30s+. Big 6 trained with group reporting and ideally tax experience gained at the centre of a tightly controlled multi-site international group. Acquisitions experience advantageous.
- Technically outstanding with the tenacity, initiative and firmness to champion best practice in financial management throughout the group. Highly IT literate.
- Adaptable, hands-on manager with a questioning, participative style. Strong commercial orientation with intellect and personality to be credible and influential at the highest level.

London 071 493 1238
Manchester 061 499 1700

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This is an excellent opportunity for three ACAs wishing to make a first move out of public practice, however commercial experience would be advantageous. Ideally aged to 30, the successful candidates will need to be of the highest calibre and capable of achieving senior management status within an organisation firmly committed to rewarding on merit. A strong academic record coupled with the ability to communicate with senior management is essential.

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Following the promotion of the current jobholder, our client is now seeking a new Finance Director for the UK Division (turnover £50m), and its network of branch offices throughout the country. This is a highly commercial role providing financial support to the UK Managing Director, managing four Regional Controllers and working closely with operational management across the business.

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To apply, please write, in confidence, with full CV and quoting Ref: 54908, to Paul Carvosso, MSL Group Limited, 32 Aybrook Street, London W1M 3JL.

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- *This will be achieved by ensuring the appropriate financial controls, plans and reporting systems are in place, as well as supporting individual faculties and administrative departments with their budgeting and financial management.*
- *The role also has responsibility for providing an efficient and cost effective range of corporate services to internal customers, as well as the duties of Secretary to the Council, Senate and Court of the University.*
- *The ideal candidate will be a professionally qualified accountant or company secretary with substantial experience of managing financial and corporate services at board level. He/she will have successfully implemented financial systems and, as a change agent, improved quality and operating efficiency.*
- *A background in higher education would be useful but equally relevant would be experience within a commercial or public sector organisation of comparable complexity, combined with an appreciation of the values of an academic community.*
- *Strong commercial instincts and the interpersonal skills to build effective working relationships are essential.*
- *The University is an Equal Opportunity employer.*
- ***Please apply in writing stating why you are suited to the post, your current salary and enclosing a CV to Robert Hill, Ernst & Young Corporate Resources, Bedford House, 16 Bedford Street, Belfast BT2 7DT.***

ERNST & YOUNG

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Opportunities for career development in this progressive, highly successful group are genuinely outstanding.

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GKRS

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- business planning and control
- decision support to production operations
- systems development
- staff management.

The role will demand a commercial approach within a dynamic environment.

Applicants should be qualified accountants with direct experience of manufacturing operations and systems, staff management and systems enhancement. The age indicator is 27-35.

This is an important development role and prospects within both finance and general management are excellent.

Interested candidates should send a Curriculum Vitae together with details of current salary, to Jon Anderson ACMA, Martin Ward Anderson, 134 Peascod Street, Windsor, Berkshire SL4 1DS. Alternatively, please telephone him on 0753 830881.

MWA
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Applicants should be highly self-motivated Chartered Accountants in their early 30's with sound management skills and substantial audit experience at a managerial level in a major professional firm. The vision, drive, personality and sensitivity to advance the work of the department needs to be combined with the mental alertness and technical discipline to work with several different service industry managements. A second language would be an advantage, the position will be based in Bracknell.

Please reply in confidence to Brian H Mason, quoting Ref L536.

Mason & Nurse Associates,
1 Lancaster Place, Strand,
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Tel: 071-240 7805.

Mason & Nurse
Selection & Search

Finance Director

c.£50k + bonus + car

Northern Home Counties

A finance director is sought to partner the managing director in running and developing to its full potential this recently created division of a leading European fresh and manufactured food group. Turnover is £150m: customers include supermarkets, processors and the food service industry. Sophisticated EDI systems link suppliers and customers. Candidates must be graduate calibre qualified accountants, probably in their mid 30s to 40s, with experience of working in a large quoted group, probably as finance director of an operating division. Sound commercial acumen is as vital as technical excellence: in addition, we seek a good analytical brain, strong presentation skills, and a degree of computer literacy. Diplomacy, persuasiveness, and self-confidence are essential. Please reply, in confidence, with full career details to Peg Eva, as adviser to the company, at Thomson Partners Ltd., 1–11 Hay Hill, Berkeley Square, London W1X 7LF.

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FINANCIAL TIMES SURVEY

WORLD COMMERCIAL VEHICLES

Friday December 10 1993

The collapse of the Volvo-Renault merger has created fresh turmoil in the European truck industry. Overall, the market is continuing to shrink, but a strong upturn in demand has occurred in the US and recovery is in sight elsewhere, writes **Kevin Done**

No let-up in the pace

The world markat fnr commercial vehicles is continuing to shrink, under the burden of contracting demand in Europe and Japan.

Japan is enduring its fifth year in succession of declining truck output, while sales in west Europe have suffered an unbroken four years of decline. The crisis in the European truck market has intensified this year with sales set to fall by around a quarter.

In North America tha picture is hrighter. The market has turned from famine to feast, as the fortunes of the truck industry continua to follow their traditional wild fluctuations.

Some US manufacturers are now struggling to keep pace with the strong upturn in demand, with production up for the second year running hy around 19 per cent. US output of heavy duty trucks is expected to exceed 153,000 this year, the highest level for 12 years.

Several leading European truck makers, notahly Mercedes-Benz, Volvo and Renault, have a strong presence in North America, and the rapid financial recovery of the US operatinns is now helping to support the parent companies as they face mounting losses in Europe. Mercedes-Benz, Volvo and Scania are also henefiting from an upturn in the Brazilian truck market, where they are the dominant producers.

Fluctuating market cycles, heavy investment damands and intensifying competition are allowing no let-up in the pace of rationalisation and concentration in the world industry. The restructuring has been most intense in Europe, where tens of thousands of jobs are being eliminated. Several producera including Mercedes, Iveco and Renault Véhicules Industriels are in loss.

The restructuring process is proving unpredictable, however, and fresh turmoil has been created in the European truck industry by the collapse this month of the much-heralded merger between Volvo of Sweden and Renault, the French state-owned vehicla maker, which had been set to create the world's second largest heavy truck and bus maker and the only producer able to challenge the volumes of Mercedes, the world leader.

At the same time, the recession in Europe has claimed its most notable victim this year with the financial collapse of Daf, the Dutch commercial vehicle maker. Daf plunged into receivership under the burden of debts of Fl 3bn and accumulated losses of Fl 880m in the three years to end-1992.

However, many of the old Daf group's operations have survived, although they have been drastically rationalised with the elimination of more than half of the previous workforce. The rescue was led by the Dutch and Flemish governments which are now the majnrity owners of the newly formed Daf Trucks.

This company no lnnger owns any UK nperations other than distrihution, whereas it previously included UK van and truck assembly, axle and components manufacturing and significant parts distribution in the wake of its takeover of the Leyland Vehicles business in the second half of the 1980s.

The UK operations have also gradually been rescued individually from receivership, however, by a combination of management buy-outs and buy-ins, and they are still linked with Daf Trucks through long-term supply agreements.

The Daf brand – Leyland Daf in the UK – still commands around 7 per cent of the European heavy truck market, and in spite of the severity of the recession, continues its battle against bigger rivals, which in some cases still confront restructuring challenges.

The greatest uncertainty now faces Volvn Truck and Renault Véhicules Industriels, tha commercial vehicla operations of the Swedish and French manufacturers.

The two groups, which have been linked through a far-reaching alliance for the last three years, were set to complete a full merger on January 1 with the establishment of a unified management structure. Amid great drama the merger has been halted, however, because nf the combined opposition of leading Volvo institutional shareholders and tha group's senior management.

As the two groups have already taken many important steps tn combine their operations and because they are bound together through significant minority shareholdings – Volvo and Renault still hold 45 per cent stakes in their respective truck and hus operations – the failure of the merger plan has plunged them into serious difficulties.

The twn managements now face an agonising period of reappraisal, as they seek to examine what can be saved from their existing network of collaborative projects, which activities have been rendered impossihle hy the hreakdown of trust between the organisations, and which areas may lend themselves to future collaboration with other rivals among the dwindling corps of the world's vehicle makers.

Mr Pehr Gyllenhammar, the former Vnlvo chairman, has declared that "the alliance will not remain. It will be dismantled by a Renault management which has lost its confidence in Volvo. To dissolve the alliance will require time, energy and will be demoralising."

Understandahly, Mr Louis Schweitzer, chairman of Renault and the man whn had shared Mr Gyllenhammar's vision for huilding Europe's second largest vehicle maker, has reacted with more caution.

The choices facing the two companies are hleak, as the fiercely competitive landscape nf the global vehicle industry, that encouraged the two companies to look at merger as a road to survival in the next century, has not changed.

The world's car and commercial vehicle makers are still haunted hy overcapacity, minimal growth in demand, continuous upward pressure on product development cnsts, increasing price competition and the need to overhaul radically their components and materials supplier hases to reduce components costs.

The number of independent European manufacturers nf heavy trucks has fallen dramatically in the past two decades from 40 in 1965 to 20 in 1980 and to only 10 in 1992.

In trucks Volvo and Rensult were making heavier weather of the alliance than in the car sectnr, hut they had still embarked on a number of joint development projects for basic components (such as engines and transmissions), as well as on broad co-operation in procurement and research.

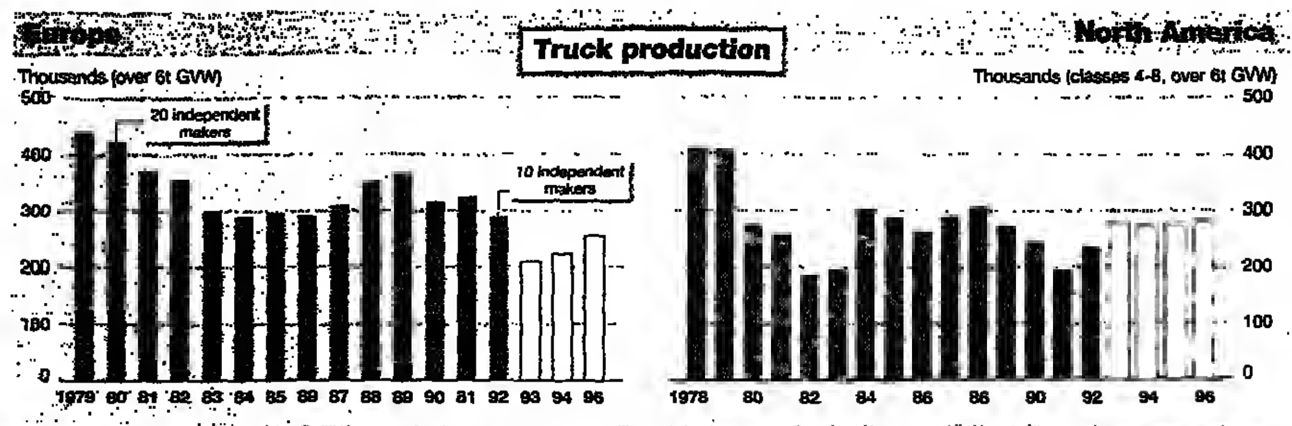
The twn groups had planned to establish a "common architecture" for families of engines, which would lead to joint development of engine components. Common specifications were to be developed for rear axles and gearboxes. Production and procurement were to be co-ordinated to reduce the unit costs of components.

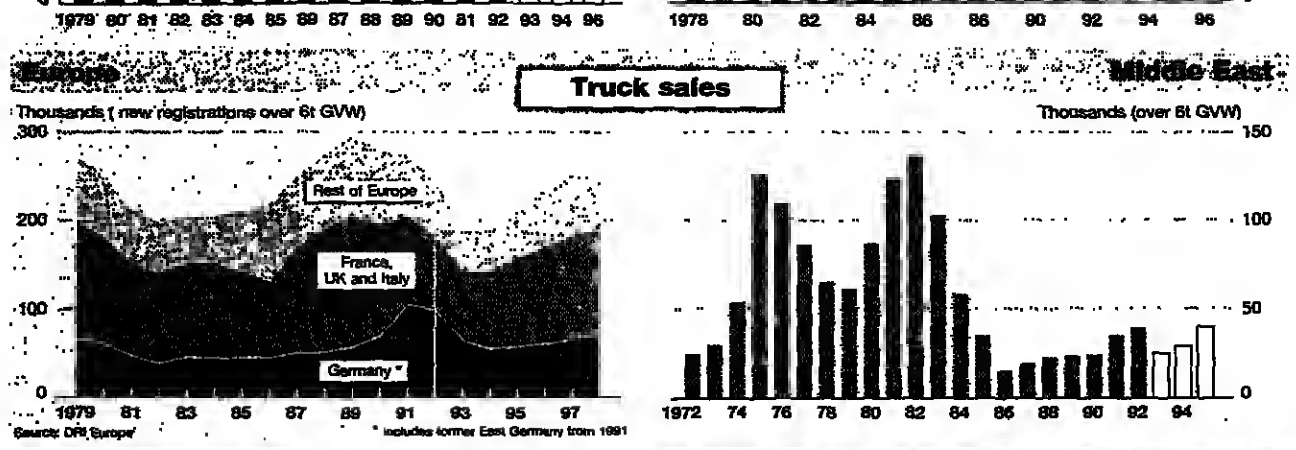
From Renault's perspective, the merger was particularly important in commercial vehicles, where Volvo is stronger. Studies to assess the benefits had suggested that cost savings of up to FFr42hn could be achieved by the year 2000 frnm the comhined car and commercial vehicle operations because of economies of scale in production, comhined R&D efforts and joint purchasing programmes.

Renault and Volvo must now examine the financial weakness of the French group'a truck operations and the Swedish group's car division. Both "require aignificant equity injections in the near future to recapitalise their halance sheats following substantial losses over the last few years," according to recent Volvo statements to its shareholders.

As the two groups seek to limit the damage from the failed merger they can expect little help from the European market. Truck sales (above 6 tonnes gross vehicle weight) have been falling for four years from a peak of 302,000 in 1989 to a forecast 197,000 this year. Mr Rudolf Rupprecht, chief executive of MAN Nutzfahrzeuge, Germany's second largest truck maker, warned recently that sales next year were unlikely to show any significant recovery with registrations expected to he virtually unchanged at around 199,000.

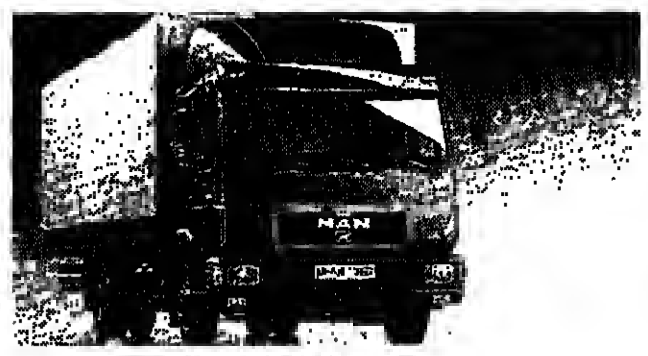
The pick-up in demand through the rest of the decade was also expected to be subdued with sales reaching only 239,000 hy 2000, said Mr Rupprecht, although forecasts from elsewhere in the industry have been less cautinus. Some comfort can he drawn from the UK, however, where the recovery from the depth nf recession has been accelerating in recent months with overall truck registrations rising hy 15 per cent in the first 11 months.





Source: DRI Europe
* includes former East Germany from 1991

The Scania twin-steer centre lift axle tractor



A light truck from MAN's L2000 range

Kevin Done on the new image of the Dutch truck maker, back in business after a spell in receivership

How Daf rose again from the ashes

Most of the constituent parts of the old Daf group are back in business despite the collapse into receivership of the former Dutch truck maker in early 1993.

The ownership and financing structure of the new companies are radically different, and more than half of the jobs in the old group have been eliminated, but to the customer at least the new federation of Daf companies is seeking to present an unchanged image.

The product range – one of the most modern in Europe and sold under the Daf name in continental Europe and Leyland Daf in the UK – is little changed, and the group has sought to hold on to the core of its European dealer network.

In trying to match its rivals, Daf spread its resources too thinly

The old Daf group filed for protection from its creditors in the Netherlands on February 2 with total debts of more than Fl 3bn, while Leyland Daf, its UK subsidiary, went into administrative receivership in the UK a day later.

Daf was brought down by the severity of the recession in the UK, its main market, by doubtful financing operations and by an over-ambitious product development programme. Lacking the sales volumes – and the financial resources – of its bigger competitors, Daf still tried to match its rivals in the breadth of its product offering. As a result, it spread its resources too thinly.

It suffered total accumulated net losses in the three years from 1990 to 1992 of Fl 880m, before any account was taken of an envisaged restructuring charge of Fl 700m for 1992 chiefly to finance the closure of its UK van operations.

As its problems deepened, Daf had already cut its workforce by more than a quarter from 16,782 in 1989 to 12,289 in 1992 including 5,401 in the UK, 4,906 in the Netherlands, 1,461 in Belgium and 521 in the rest of the world.

The various companies that have been formed out of receivership now employ around 6,200, including some 2,700 jobs in the UK.

The core Daf heavy and medium-weight truck operations based in the Netherlands and Belgium have re-emerged under the ownership of the newly-formed Daf Trucks, with majority state ownership by the Dutch and Flemish governments.

In the UK Daf Trucks has also taken over the sales and marketing arm of the former Leyland Daf operations in order to secure control of its distribution and dealer network in the UK.

The remainder of the UK operations has been rescued by a series of management buy-outs in the case of the former Leyland Daf van and truck operations, and management buy-ins for the parts operations and the components businesses in Glasgow (Albion) and Leyland.

The crucial first step in restoring the viability of the former Daf group was the rescue of the Dutch and Belgian operations. The newly formed Daf Trucks has an equity capital of Fl 385m, of which the Dutch and Flemish governments have subscribed Fl 209m, with Fl 75m coming from a group of banks, Fl 80m from institutional investors and Fl 21m from private investors, including some components suppliers, dealers and importers.

Including subordinated loans, Daf Trucks has a total risk-bearing capital of some Fl 450m. A group of banks including ABN-Amro, Rabo Bank and Credit Lyonnais have provided credit facilities of more than Fl 500m.

Daf Trucks has managed to hold on to a share of around 7 per cent of the west European heavy truck market above 15 tonnes, and Mr Cor Baan, chairman of the management board of Daf Trucks – as he was of the old Daf group – maintains that the dealer network has remained largely intact.

It now has a network of some 250 main dealers and around 750 sub-dealers and service outlets.

The new Daf Trucks includes the manufacturing, product development and sales operations in the Netherlands, the cab and axle plant and local sales operations in Belgium, as well five wholly-owned sales operations in the UK, France, Germany, Switzerland and Italy.

The workforce now totals around 3,500 with about 2,500 in Eindhoven, 750 in Westerlo, Belgium and 250 in the various sales organisations outside the Netherlands.

The organisational structure has been kept "as flat as possible", insists Mr Baan, with a relatively small number of staff in non-production jobs. Of the total workforce 2,440 are engaged in production, 340 in research and development, 610 in sales and marketing and 120 in the central staff.

Daf Trucks is aiming at a production level of around 40 trucks a day at the Eindhoven plant, although by November it was still only producing 30 trucks a day, as it was working to reduce its stock levels and was supplying from stock especially in Germany.

The formation of Daf Trucks allowed the receivers in the UK to proceed with the rescue of the British operations. The formation of Leyland Trucks Manufacturing through a management buy-out team depended crucially on reaching a supply contract with Daf Trucks, which continues to sell the UK built Daf/Leyland Daf 45 series light truck through its European sales network.

The rescue of the truck operations also created a viable business base for the UK parts operations and components manufacturing, which have bought by management buy-in teams. Only the UK van operations have been saved outside this federation of companies. The management buy-out team at Leyland Daf Vans in Birmingham is not selling its products through the new Daf Trucks dealers but through its own network, which is largely confined to the UK.

The organisational structure has been kept "as flat as possible"

The Daf 95.500 super space cab, to be launched next February

Western Europe: the trend in sales

	1991	1992	1993	1994	1995	1996
LIGHT COMMERCIAL VEHICLES (up to 6t GVW)						
Germany	235,520	333,288	249,927	260,846	278,329	292,007
France	341,817	328,827	263,239	281,153	337,082	383,756
UK	153,967	158,577	153,274	168,776	184,640	223,927
Italy	151,719	146,500	112,470	110,216	127,760	151,154
Spain	158,702	155,312	107,770	150,286	185,196	199,598
Total*	1,385,109	1,403,618	1,131,994	1,224,168	1,393,039	1,577,924
TRUCKS (over 6t GVW)						
Germany	105,509	98,641	65,039	56,187	58,468	69,701
France	43,872	34,983	27,781	31,842	36,901	41,983
UK	29,774	29,335	33,349	37,014	41,109	50,742
Italy	25,256	21,569	17,406	16,806	20,904	26,968
Spain	20,378	17,737	11,138	12,742	15,083	20,140
Total*	274,845	246,874	188,559	191,254	215,283	261,689

*Includes other countries. Source: DRI Europe

Pat Kennett on the continent's exporters

New drive in Asia

The shape of global commercial vehicle manufacture is inexorably changing. The big truck market growth areas are the world's developing nations, rather than those already industrialised. High production costs in the old world have already ruled out many of those sources for much of the developing world's transport.

In Asia a clear trend is developing. Nations that a few years ago ranked as third world have developed their own industries to the point where they have become net vehicle exporters. Countries which have partly or wholly achieved this status are India, South Korea and China.

While China has developed its own industry dramatically, it has such a huge internal demand that it will be some time before it can become a major exporter. Malaysia and Vietnam have also embarked on ventures to become vehicle producers.

After a 30-year gestation period during which engineering techniques required to produce durable trucks and buses were learned the hard way, with very little help or money, India has blossomed into a world class producer. This year it will build about 175,000 commercial vehicles and is expected to exceed 200,000 by 1995.

While many of these are developed from European chassis of 20 years ago, an increasing proportion are modern designs, much in demand in Africa, the Middle East and Asian territories.

Most of what India calls heavy trucks would be termed medium-weight in Europe. As two-axle 12-16 tonners, they are well suited to many developing markets. This heavy sector is shared by two makers: Tata, a member of the Telco manufacturing group based in Bombay, and Ashok Leyland, based in Madras, with Iveco holding a 51 per cent stake.

Tata was a CKD operation set up with Mercedes' help in the 1950s, but the Germans reduced their direct interest as Tata developed its own designs and technologies. This year it signed a deal with Cummins to build B-series diesel engines in the 120-210 bhp class.

In the light commercial sector Tata has an excellent new product range called the 207 based on a sturdy 4x2 chassis with a modern 2.0 litre diesel, bodied as a truck, a large estate car or a utility in the Range Rover class. Tata is into more than a dozen markets with this versatile vehicle, including Europe, where it is already approved in France.

Once a Leyland-based CKD operation set up in the late 1950s, Ashok Leyland has in recent weeks begun manufacture of a version of the Ford Cargo which was built at Langley, near Heathrow Airport, until last December.

Ashok is a key element in Iveco's strategy outside Europe. The company has invested around £140m to build the 6-10 tonne Cargo and a further £100m will go on larger versions in the next three years. Production of 25,000 units will be possible, more than doubling Ashok's capacity in the 6-16 tonne classes. Pressings for the Indian Cargo cab will be done for Ashok by Mahindra & Mahindra, and assembled in a new shop near Bangalore.

Mahindra itself has ambitious expansion plans. The group is best known for utility vehicles of less than three tonnes, including several Jeep variants, but also builds light trucks. In 1993 it began production of the Armada which can carry 11 people in its passenger variant.

For its new low-emission two-litre diesel, to be built in India, Mahindra went to world-renowned engine R&D specialists, AVL of Craz, Austria. Now the group reports a waiting list of 1½ years, but is resisting the temptation to increase production until quality is absolutely assured. Then, the Armada, like the 207 Tata, is set to become a highly attractive export item.

China is undoubtedly the largest potential market for commercial vehicles, but direct imports have always been difficult. Increasing oil production, both on land and in the Yellow Sea, has accelerated its industrial programmes, including numerous commercial vehicle joint ventures, mainly with western manufacturers. Among these are Eaton and Rockwell, producing gearboxes and axles respectively, ZF (gearboxes and steering gear), Steyr (heavy trucks and diesel engines for automotive and industrial uses), Cummins, building large generator and locomotive engines and small truck engines; and Iveco, producing vans and minibuses.

The Cummins j.v. with China's Dong Feng group is particularly interesting. It embraces volume production up to 60,000 units annually, to power a new 8-12 tonne truck replacing the ancient Dong Feng. Production began early in 1993, with locally built chassis and axles, the Cummins B-series engine and a Nissan design steel cab. In each case these joint ventures begin with a small number of fully built-up units, followed by increasing local content increments to eventual 100 per cent.

The Steyr operation is now producing about 5,000 heavy trucks a year in the 17-28 tonne class and the figure is expected to double by 1997. The Iveco j.v. will produce about 15,000 units this year, with about 30 per cent local content, against a 1998 target of 60,000 with virtually 100 per cent local content.

Potentially, China is likely to become a world class commercial vehicle manufacturer by the end of the century, but such is the huge domestic demand estimated at more than 250,000 medium and heavy duty vehicles before 1997 that it is likely to be some time before significant exports occur.

Malaysia's truck-building efforts are concentrated in Proton light commercials, but several heavy vehicle makers are looking at this territory. In Vietnam, Iveco this year established a joint venture to build Daily vans and minibuses, again beginning with CBU units, graduating to a majority of local content. Korea currently builds or assembles around 400,000 light commercials, with Hyundai accounting for nearly half. Heavy trucks are still imported, mainly from Europe.

Although the choices for direct imports into Asia are diminishing steadily, the opportunities for joint manufacturing ventures more than compensate for that trend.

Rise of an innovative vehicle industry

Making it in Latin America

Latin America used to be one of the largest and most lucrative markets for commercial vehicles from Europe and North America. In the 1950s and 1960s, extensive industrialisation required vast numbers of trucks and buses, while the size of the continent, 7,000 km from the Caribbean coast to Cape Horn, meant that each and every one had plenty of work to do. In 1960, for example, Leyland alone was supplying 1,000 buses to Buenos Aires, 500 to Montivedeo, 100 to Jamaica and 240 to Havane, with corresponding truck numbers to every part of the continent. Mercedes, GM, MAN and Ford did similar volumes of business later in that decade.

All that has gone, not because the suppliers are less able, but because many countries decided to develop their own vehicle industries. They encouraged manufacturers to establish assembly operations, leading to progressive manufacturing, and set up formidable barriers against vehicle imports. The Mercosul scheme currently carries out that task.

The progress of such well-meaning projects was far from smooth. Restrictions or bans on imports meant that vital components, which were difficult to make locally, were excluded along with complete vehicles.

Consequently, manufacturers struggled to produce the required quality of vehicle and, as in India and elsewhere, they learned how to solve technical problems the hard way, by going back to basic engineering principles.

The result is that today's Latin American commercial vehicle industry is both innovative and technically strong. Some European senior managers, including Mr Helmut Werner of Mercedes-Benz, reckon that Brazil is one of the most exciting countries in the world as far as trucks are concerned. Several Latin American nations have become vehicle producers, while some, including Argentina and Mexico, combine production and imports in their increasingly dynamic economies.

Brazil not only provides all its own commercial vehicles – a few special designs excluded – but exports in quantity to other Latin American countries, the US and Canada, numerous African states and even to Europe. Fiat's Fiorino light van, for example, is made exclusively in Brazil.

Mexico also provides for most of its own needs. In 1992, it built or assembled 304,000 commercials, mainly under 3000kg GVW. Assembly takes place in Venezuela and Peru, but substantial numbers are imported, partly from other Latin American countries.

develop designs found only in Brazil, others go to great lengths to ensure that their Latin American products, including components, are identical to and interchangeable with those in Europe.

Scania, which has manufactured in Brazil and Argentina for more than 25 years, uses its Latin American plants as part of a global manufacturing network. Engines made in Sao Paulo and gearboxes made in Tucuman could find their way into chassis built in Iran or France or Holland just as easily as those from Sweden, depending on production balance at any particular time.

Mercedes-Benz reckons that Brazil is one of the most exciting countries in the world as far as trucks are concerned

Different strategies are employed by some of the big players. Mercedes-Benz has developed a range of medium and heavy truck designs in Brazil which, apart from the star on the grille, bear little or no resemblance to their distant European cousins. Thirty years ago, when Mercedes set up in Argentina and Brazil, the products were simply export versions of European originals.

The VW-Ford venture, Antoletina Brazil, has also developed along lines that owe little to North America or Europe; hence, there are VW trucks up to 35 tonnes with MWM engines. Dedicated US market truck chassis are built in Brazil by several makers, such as the "baby" Kenworth Class 6 & 7 medium trucks.

But while some manufacturers freely

Among the old world manufacturers to be found in Brazil are Mercedes, Volvo, Ford, Scania and VW, although Iveco pulled out some years ago. Significantly, there is, as yet, little Japanese presence: it accounts for less than 1 per cent of truck output in Brazil's total of well over a quarter of a million.

Mexico's industry is, perhaps inevitably, closer related to the US, its next-door neighbour, than to those in countries further south. US manufacturers with Mexican operations include Ford, Chrysler and GM, Freightliner in conjunction with Mercedes' international operations, Volkswagen, Cummins engines and Rockwell components among many others.

The European presence is less prominent, but Perkins has had a diesel engine joint venture, as have a number of component specialists.

Just as the major manufacturing operations of the 1990s began in a modest way a quarter of a century ago, so others have more recently begun the long industrial haul.

Cuba builds its own diesel engines in a rationalised range of V6 to V12 units from 200 to 450 bhp, powering literally everything that moves, from trucks and urban railcars to fishing boats and combine harvesters. It has a surprisingly extensive components industry, making a variety of parts, from fuel injectors to semi-automatic gearboxes.

The country's expanding population and free movement of labour demand extensive public transport, and Cuba's bus production is numbered in thousands rather than hundreds a year. There was a promising export trade in buses until the collapse of the east European bloc, but nowadays just a trickle goes out, mainly to African nations with leftwing governments. Given reasonable political stability, Cuba has every chance of joining that growing band of third world nations which aspire to "supplier" rather than "consumer" status.

Modest assembly operations have been going on in Peru and Venezuela for more than a decade, but to date they show little sign of development into viable manufacture. Colombia assembles a modest number of light commercials, mainly of Chrysler and Renault origin, but heavy trucks are imported.

In a relatively short period and largely by its own efforts, Latin America has been transformed from a large market for old world suppliers to something approaching self-sufficiency. Indeed, the US buys more commercial vehicles from Latin America than it sells there. That trend can be seen elsewhere in the world, simply because it makes economic sense.

Pat Kennett

The single market and the road haulage industry

Pay first, save later

Traditionally one of the most highly regulated transport sectors, the road haulage industry has undergone considerable liberalisation in recent years.

The creation of the single European market, on January 1 1993, has created a new working environment, the full impact of which has still to be assessed.

The removal of most border controls by customs has speeded up trans-European journey times but has also swept away a host of small freight-forwarders with their specialist skills in export documentation. The burden of handling VAT forms and compiling trade data has been passed back to the trader.

Customs and Excise has estimated the cost to British business of adapting to the single market at £100m in the first year, with net annual savings of £135m likely to come through in later years. But it is not yet clear that many businesses are aware of the savings in both time and cost which can result from faster journeys.

There have been complaints that hauliers have not passed on the savings that they have made and it is clear that this will come under closer scrutiny as an understanding of the new regime spreads.

The advantages to the haulier of the changes are a reduction in waiting times at many borders, particularly in southern Europe, and a more efficient use of his vehicles and drivers' time. In northern Europe, though, where many countries had already streamlined their customs procedures, the savings will be less marked.

One result of the formal creation of the single market has been the removal of restrictions on permits allowing hauliers to operate throughout the European Union. Many European countries had maintained highly restrictive regimes but from January 1 1993 hauliers have been issued with an authorisation which allows them to make as many international journeys as they want between member states.

A second grievance which is also in the process of being alleviated relates to cabotage, the right of a haulier to pick up a load in another country and deliver to a destination in the same country. From January 1 1994, the number of cabotage authorisations available will go up from 18,530 to 30,000.

This allocation will increase by 30 per cent a year from 1995, with the aim of achieving full liberalisation in July 1998. Hauliers' organisations welcome this move but say that it has been achieved only at the expense of allowing some European Union members to introduce special permits to use their motorways.

Germany had refused to open its roads to outside competition until common charging had been agreed but its attempt to impose an annual DM9,000 (£3,000) on non-German trucks was outlawed as discriminatory in May 1992 by the European Court of Justice.

In an agreement reached in June, the 20-year wrangle over cabotage was ended when member states gave approval for Germany and four other countries to introduce a common fee or vignette for trucks of 12 tonnes and over travelling on motorways.

Germany, Belgium, the Netherlands, Denmark and Luxembourg have said they will charge nearly £1,000 a year per vehicle for a permit to use their roads from January 1995.

Operators with vehicles registered in one of these countries will have their excise duty reduced to cover all or part of the permits' cost. But operators based in other countries will get no such dispensation and so will be placed at a competitive disadvantage, the UK's Freight Transport Association (FTA) warns.

By charging for permits, these north European countries will in effect be bringing themselves into line with France and Italy, where tolls are are a standard feature of motorways. And while Britain does not yet impose motorway tolls, Mr John MacGregor, transport minister, seems set on moving to charging motorists for the use of roads to help fund the government's £23bn road-building programme.

The UK government favours a system of electronic tolling, probably requiring vehicles to carry a windscreen-mounted smart card which can be read at the tolling point. The Freight Transport Association says it has no objection in principle to plans for road tolls providing the funds raised are devoted to road construction.

Road tolls would represent an additional cost to the haulier on top of the vehicle excise duty already paid. Duties vary sharply from country to country although the European Commission is making attempts to harmonise rates.

A minimum rate of tax will apply to vehicles of 12 tonnes and over from January 1995 but the thresholds have been set so low as to have little real impact.

The rate for a 38-tonne vehicle, for example, has been set at Ecu454 (£350), far below that currently levied in the UK so it will do little, if anything, to increase excise rates in the cheaper countries. The floor rates will be reviewed but that will not be until January 1988, when the transitional period ends.

The UK government argued for a higher minimum threshold but says it regards the rates that have been set as a useful first stage.

"The agreement to establish floor rates marks a step towards ultimate harmonisation but only if the higher taxing states voluntarily peg back future increases," the FTA says. Unfortunately for hauliers in countries which impose high levels of excise duty, no maximum figure has been imposed.

Despite the move to liberalise the haulage industry in Europe, considerable cost differences remain between the different countries. The creation of the single market is intended to open up previously restricted local markets and road haulage is unlikely to escape this trend. The commercial pressures on the sector can only increase in the years ahead.

Charles Batchelor

■ THE JAPANESE MARKET

Winter is not yet over

The past few years have been a long winter for Japan's commercial vehicle industry. The country's truck and bus makers have been forced to take unprecedented measures to survive tha business downturn.

Nissan Diesel, the maker of heavy duty trucks and buses, last month agreed with its labour union to cut back its winter bonus payment by an average 7.2 per cent. It is the first time the company has had to renegotiate the bonus payment after agreeing the level in the spring.

Meanwhile, Hino Motors, Japan's largest maker nf medium and heavy dnty trucks, has embarked on an unusual diversification path which it hopes will enable it to derive about 10 per cent of its sales from new businesses by 2001. Hino has set up three separate companies to sell vertical parking lots and to provide consulting services in such areas as distribution and corporate identity.

> Nissan Diesel has had to cut its previously agreed 7.2 per cent bonus payment

The moves reflect the severity of the decline in demand facing Japanese commercial truck and bus manufacturers. Last year, sales of trucks in Japan fell for the fourth consecutive year, while those of buses declined for the second year in succession. As the economic slowdown continued unabated, new registrations of trucks were down 10 per cent while those of buses declined by nearly 6 per cent.

What is more, the expected recovery in business investment and consumer demand has not materialised in 1993, leading the country's large commercial vehicle makers to brace themselves for another year of disappointing results.

Strong demand for trucks that was expected from public works projects under the government's economic stimulus programme has failed to emerge so far, in the face of a series of bribery scandals that has rocked the construction industry and its local government customers.

Furthermore, Japan's economic recovery, when it comes, "will be an exceedingly gentle one," nntes Hino Motors. As a result, commercial vehicle makers will have to wait some tima before demand picks up, the company says.

As they face up to the undeniable changes in their business environment, commercial vehicle makers have adopted a number of emergency measures aimed at containing the damage.

To begin with, companies have been slashing costs across the board by hiring fewer seasonal workers, reducing overtime work and reining in general expenses. The large truck makers are aiming for double-digit reductions in their seasonal workforce over the next few years not only to reduce their costs but also to increase efficiency at facilities which have been running at below capacity.

The cost-cutting exercise has extended to capital investment, which is being focused on a more narrow range nf products. Fnr example, Hino Motors cut capital expenditure by 19 per cent last year.

In common with Japan's car makers, commercial vehicle makers are also attempting to reduce the number of models they offer and to standardise parts. The move is a reaction to the years of expansion in the late 1980s when many Japanese manufacturers increased their product range and line-up of options with little regard to cost efficiency.

But with the contraction of the Japanese market and rapid appreciation of the yen, which has mada commercial vehicles less competitive abroad, mannfacturers have been forced to concentrate their energies on fewer models and trim product options to cut costs.

Going a step further, some automobila makers have taken the plunge in tying up with rival companies to provide each other with product and thereby curb development and production costs.

Nissan, Mazda and Fuji Heavy, for example, agreed earlier this year to supply each nther with commercial vehicles on an original equipment manufacture basis. Nissan will thus sell Mazda trucks under its own badge and vice versa.

The arrangement allows the companies to cut development and production costs on models which are not profitable enough to justify the expensive investments required but which are needed to complement their product range.

Meanwhile, Isuzu has pulled out of passenger car manufacture altogether. Instead of splitting its energies between commercial and passenger vehicle prodnction, Isuzu will concentrate on the commercial side where it has proven strength.

To continue providing its customers with its range nf cars, Isuzu is hnying them from Honda and supplying its partner in turn with recreational vehicles – the Jeep-like cars that are closer to trucks in construction.

Another trend in the receesinnary treding environment is the growing interest in Asian markets, particularly China. While Japan's domestic market remains in the doldrums and markets in the west remain under pressure, buoyant demand from Asian countries has given firm support to the operations of Japanese commercial vehicle makers, although earnings from these markets have also been adversely affected by the high yen.

> In a recessionary period, one trend is the growing interest in Asian markets, particularly China

Expectations nf a slow Japanese market and growing demand in Asia have led many Japanese automobile makers to place their hopes on plans for the regional market.

Hino Motors, for example, has set up a joint venture company with one of China's hig five bns makers to manufacture and market huses. Nissan is also setting up a joint venture in China to prodnce pick-up trucks.

Whila the cautious mnves into China by Japanese vehicle makers are modest steps, compared with their investments in the US or Europe, they reflect the growing need of Japanese companies to develop new markets overseas and rednce their dependence nn the home market.

In the short term, as the companies themselves would be the first to concede, Japan's market is unlikely to provide the commercial vehicle industry with the strong recovery it would need for a marked rebound in their business performance.

Nevertheless, as more public works projects start to come through, demand for trucks is bound to pick up while in the more medium term, the corporate restructuring and moderate consolidation taking place in the industry should start to bring benefits as well.

Michiyo Nakamoto

Frank McGurty looks at the factors contributing to a surge in sales

US truck orders run in high gear

If the number of heavy-duty trucks rolling off US assembly lines were a sure indication of gathering economic strength, the Clinton administration would have good cause to he cheerful.

Manufacturers of class 8 lorrias – mostly large, over-the-road tractor-trailers – are enjoying a boom year, with retail sales in the first nine months of 1993 running more than 35 per cent ahead of last year'a level.

More importantly, current production or "builds", which analysts use to gauge quarterly earnings, and orders, which point to future performance, have risen to their highest levels since 1979, just before deregulation brought greater efficiency to the freight haulage industry and reduced demand for new vehicles.

Industry analysts agree that new truck orders lead the economy by a year or more. Output of heavy lorries generally shows a close correlation with manufacturing activity, as well as trends in freight movements. Big US trucking fleets, the theory goes, buy vehicles in the expectation of increased demand by factories, mines and utilities for hauling raw materials and semi-finished goods.

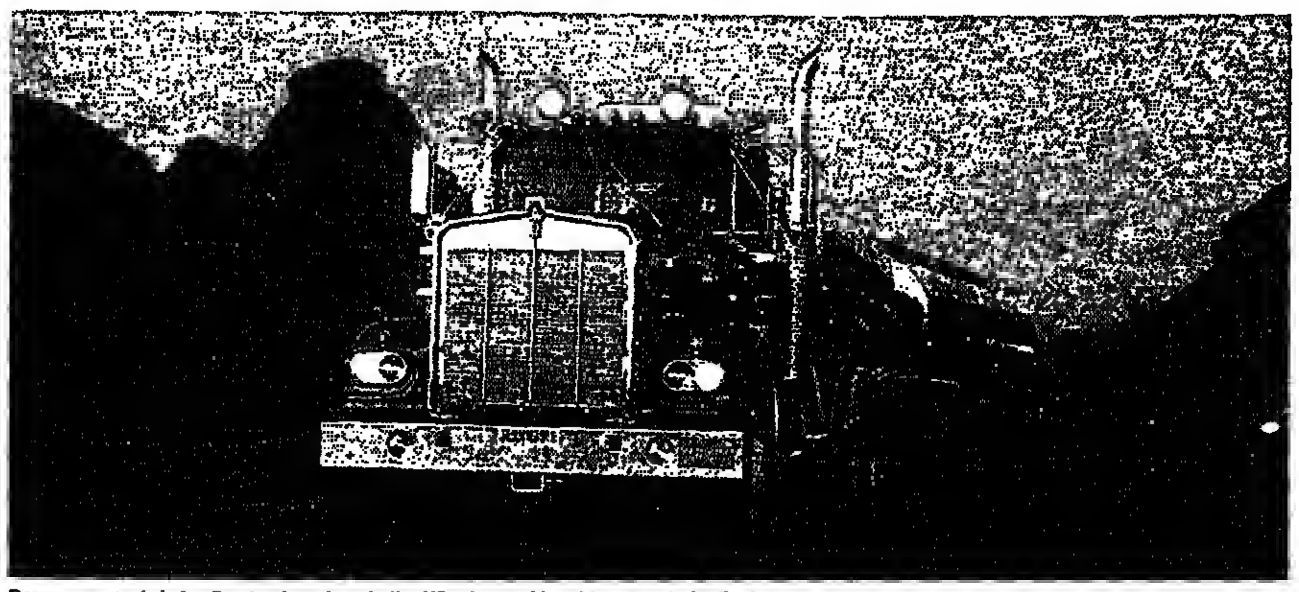
In the event, industrial production has resembled a big rig driving through city traffic. It has moved in fits and starts, showing eigns of smooth acceleration only during the past two months.

By contrast, heavy duty truck orders are running in high gear. Analysts have raised their estimates of 1993's retail sales to nearly 155,000 vehicles, a 30 per cent increase on last year's figure.

The modest recovery in US manufacturing and strong capital investment spending are helping to lift the heavy duty market, while a mix of unrelated factors is also fuelling the sales surge, analysts say.

Some of these broad developments have boosted demand for trucking services, while others – such as a heightened emphasis on fuel efficiency, heavy turnover of trained drivers and more stringent emission standards – have eocouraged fleet operators to upgrade their equipment more frequently or ahead of schedule.

The pattern among foreign manufacturers to build more of their products in the US, rather than import them, has had some impact. Mercedes, for one, announced plans last month to build a car plant in Alabama – its first outside Germany.



Paccar – one of six leading truck-makers in the US – is considered by many to be the best-run

Ms Maril Macdonald, vice-president of corporate communications at Navistar International, which leads the industry in combined sales of heavy and medium-duty trucks, says that the relocation of foreign-owned factories to the US in recent years has boosted trucking tonnage and, in turn, lorry orders.

The extra push has come at a propitious time. During the recession of 1989-91, many large trucking operators and truck-leasing companies, which normally replace their equipment every five to six years, withheld their orders. With the onset of renewed economic optimism in mid-1992, the pent-up demand began to feed into the market. As a result, net orders by the end of last year rose 74 per cent above depressed 1991 levels.

Since then, says Mr Gary McManus, an analyst with Kemper Securities in New York, lorry makers have allowed their backlogs to build to a 13-year high. The six leading heavy duty truck manufacturers – Freightliner, Navistar, Paccar, Ford, Mack and Volvo-GM – are now operating at nearly full capacity, which allows for much more efficient production.

Paccar, considered by many to be the best run truck-maker in the US, this year opened a truck assembly facility in Renton, Washington. By early 1995, Freightliner, part of Daimler-Benz, plans to increase annual production capacity by 35 per cent.

Full production schedules have brought slightly firmer prices in recent months, according to Mr Matt Stover, who follows the market for Bears Stearns in New York. In general, however, the pricing environment has been fiercely competitive, with most of the demand coming from well-financed fleet operators which can command bigger discounts than owner-operators. Navistar says that comparable prices have risen by only 1 per cent in the past eight years.

Freightliner, thanks in part to Daimler-Benz's deep pockets, has shown most willingness to undercut its rivals to gain market share. After taking the lead in 1992, it has stayed on top in 1993, with about 23 per cent of the heavy duty market, which represents a 10-point gain over the past decade.

Nevertheless, after pulling out of the red in 1992, Freightliner says it has turned a substantial profit this year, a claim only one of its competitors – Paccar – can make. Daimler-Benz does not report separate results for Freightliner.

By contrast, Mack, which is wholly owned by Renault of France, says it has cut its losses and expects to become profitable in the second quarter of 1994. Volvo-GM, controlled by the Swedish automotive group, also expects to turn a modest profit this year.

For Navistar, this year has brought a return to profitability. In the second quarter, the group – the surviving operations of once mighty International Harvester – edged back into the black after 10 consecutive quarterly losses on the back of strong sales volume. In its fourth quarter, the group's net income was 28 cents a share compared with a loss of $1.46 in the same quarter last year.

The red ink had resurfaced in the third quarter, but the $312m loss reflected a one-time charge of $513m relating to a landmark deal agreed with the United Auto Workers to cut post-retirement benefits. The plan, approved in July, is expected to save the company $200m a year.

"Navistar is making money, but it's not printing it," says Mr Robert McCarthy, an analyst with Duff & Phelps in Chicago. He raises doubts over whether the group will be able to sustain its momentum when the market returns to more normal, single-digit growth.

In the short term, Navistar, along with other manufacturers, has benefited from the desire of truckers to maximise the fuel efficiency of their vehicles and lower operating costs. New trucks are 5 to 7 per cent more fuel-efficient than models built in the late 1980s, says Mr John McGinty, an analyst with First Boston.

Navistar's 9300 series, which features lighter weight and more aerodynamic styling, has helped lift the group's class 8 market share in the first nine months of 1993 by nearly a point.

Mack, with its CL and CH series of fuel-efficient heavy lorries, has gained about half a point to nearly 11 per cent. By contrast, Ford, which has made no changes in its product line since 1988, has dropped below Mack in sales.

Navistar, leader in the class 6 and class 7 medium-duty segment, is poised to take advantage of an expected acceleration in the intermediate segment. An upswing in orders for retail delivery trucks, school buses and lighter construction vehicles is forecast if the consumer side of the economy begins to pick up steam in 1994.

In the first nine months of this year, the medium-duty market – from class 4 (where Ford continues to dominate) to class 7 – grew at a more moderate 11.5 per cent.

■ EMISSIONS AND NOISE REGULATIONS

Screws will tighten again

Stricter exhaust emission limits for new trucks came into effect throughout the European Union two months ago.

Despite some grumblings when the standards were announced several years ago, truck manufacturers have had relatively little difficulty meeting them – though the investments in new technology have been substantial.

In the mid-1990s, the screws will be tightened further.

"Euro II" standards will come into fnrce for new designs of trucks from October 1 1995, and for all trucks emerging from production lines from October 1 1996.

The standards will require further cuts in emissions nf oxides of nitrogen – a cause of acid rain – carbon monoxide and particulates – the well-known diesel "soot".

To achieve the Euro II standards, the petroleum industry must become involved, as the sulphur content of diesel fuel needs to be reduced if particulate emissions are to be cut substantially.

Under a EU-set timetable, the 0.2-0.3 per cent sulphur content usual in diesel fuels will have dropped to a maximum of 0.05 per cent by the time Euro II is fully effective. To cater for the first stage of the Euro II standards, by October 1 1995 at least 25 per cent of the diesel fuel available in EU member states must he below the 0.05 per cent ceiling.

Truck exhaust emission standards in the EU*
(grammes per kilowatt hour)

Introduction date	NOX	HC	CO	Particulates
Euro 1 (new models) Jul 1 1992 Euro 1 (all production) Oct 1 1993	5	1.1	4.5	0.36
Euro II (new models) Oct 1 1995 Euro II (all production) Oct 1 1996	7	1.1	4	0.15†

*For engines above 150 kilowatts (brake horsepower
†Envisages diesel fuel containing less than 0.05 per cent sulphur by weight

Around the end nf the decade, yet another tightening can be expected, with the standards based on a new test driving cycle reflecting "real life" road conditions in Europe.

The current EU test driving cycle – simulating a supposedly typical journey and on which emissions are measured – is a much-criticised slow speed one, still not reflecting that 80 per cent of the EU's goods are moved by truck and across ever-longer distances along high-speed motorways.

Despite such measures, says Mr Sten Langenius, president and chief executive of Sweden's Volvo Truck Corporation, technology's advance is such that emissions will cease to be an issue by 2005.

By then, he predicts, emissions of nitrogeo oxides, for example, will be more than halved compared with the Euro II standards, to 2 grammes per brake horsepower. Emissions of particulates – accused of being e carcinogen – will fall proportionately more as fuel formulation improves.

Volvo Truck, one of the world'e biggest truck makers, earlier this year underlined the industry's long-term commitment to the diesel with the launch of its new FH heavy truck range – the result of a seven-year development programme costing £600m.

Ths trucks are powered by an all-new 12-litre diesel engine which accounts for nearly half the total spending.

Using s combination of old and new technologies, it is capable, says Volvo, of meeting all current environmental standards anywhere in the world. More important, Volvo expects it to meet all future standards to the end of the decade without any significant redesign. The unit uses new, high-pressure fuel injection technology from Lucas, the UK motor components and aerospace group. The "EUI" (electronic unit injector) operates at very high pressure – 1800 bar – and can make instantaneous adjustments to fuelling quantity and timing in each injector, under the control of a central computer which takes readings from various sensors around the engine.

Other leading truck makers have little choice but to make similar investments if they wish to stay in the game – and some, like DAF with its excursion into receivership thie year, have had great difficulty in doing so. Iveco, Fiat's commercial vehicles arm, is spending around £1bn on truck engines as part of an overall £2.5bn vehicle renewal programme.

Mr Leif Ostling, general manager of Scania Truck and Buses, Volvo's Swedish rival, says that technology improvements linked to emissions will have other pay-offs. Engines that have to work less hard also produce fewer emissions and there should be further scope for a reduction in energy consumption from non-engine related improvements. Aerodynamics, rolling resistance and weight reductinn improvements have already cut energy consumption by one half per tonne-kilometre over the past 20 years, he points out.

Emissions, however, are not the only major environmental issue confronting trucks. The other is noise.

Under an EU directive to become effective in October 1995, an 80-decibel limit will be introduced for trucks, based on the vehicle passing a pair of microphones at 50kmh.

Manufacturers will find it a difficult target to meet as a relatively small drop in decibel rating can mean a large reduction in perceived noise.

As Mr Ostling points out, the noise emitted by Scania (and most other) trucks has fallen hy 8dB (A) over the past decade – equivalent to an 84 per cent drop in perceived noise. But this remains well above the planned EU level and truck makers are arguing that the prohlem now lies more with the way noise is measured than the actual amount of noise made hy the vehicle.

John Griffiths

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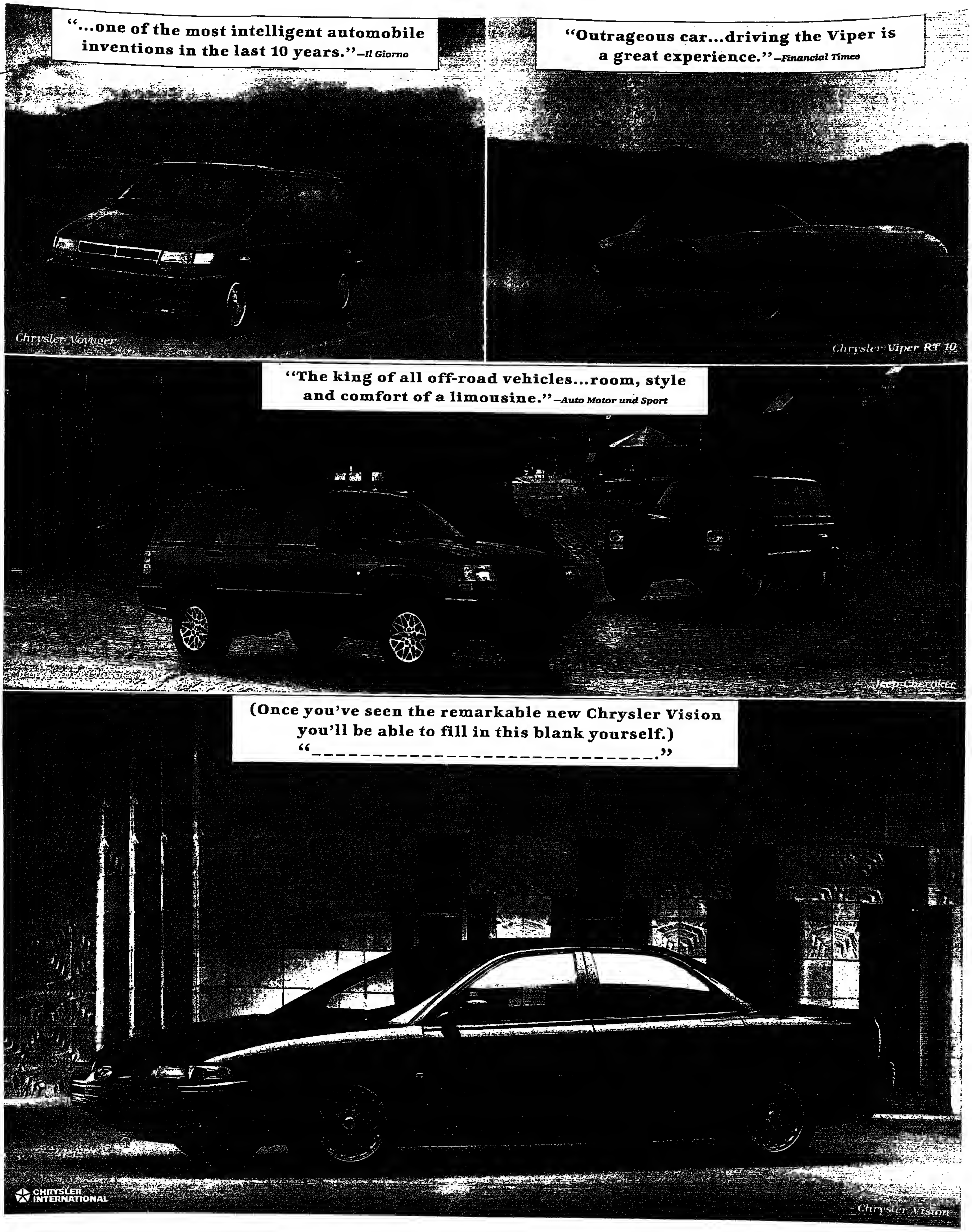

If you'd like some professional examples to guide you, they do exist. *Le Figaro* says that the Vision is "a 'tour de force' from Chrysler's designers." *Auto Bild* simply calls it "one of the best cars in the world."

Their enthusiasm is understandable. With its new cab forward design, the Vision combines the nimbleness of a sports sedan, the roominess of a touring car and the safety of driver and front passenger air bags. We think that the Vision is the perfect addition to Chrysler's family of distinctive vehicles. And clearly, we're not the only ones who think so.

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